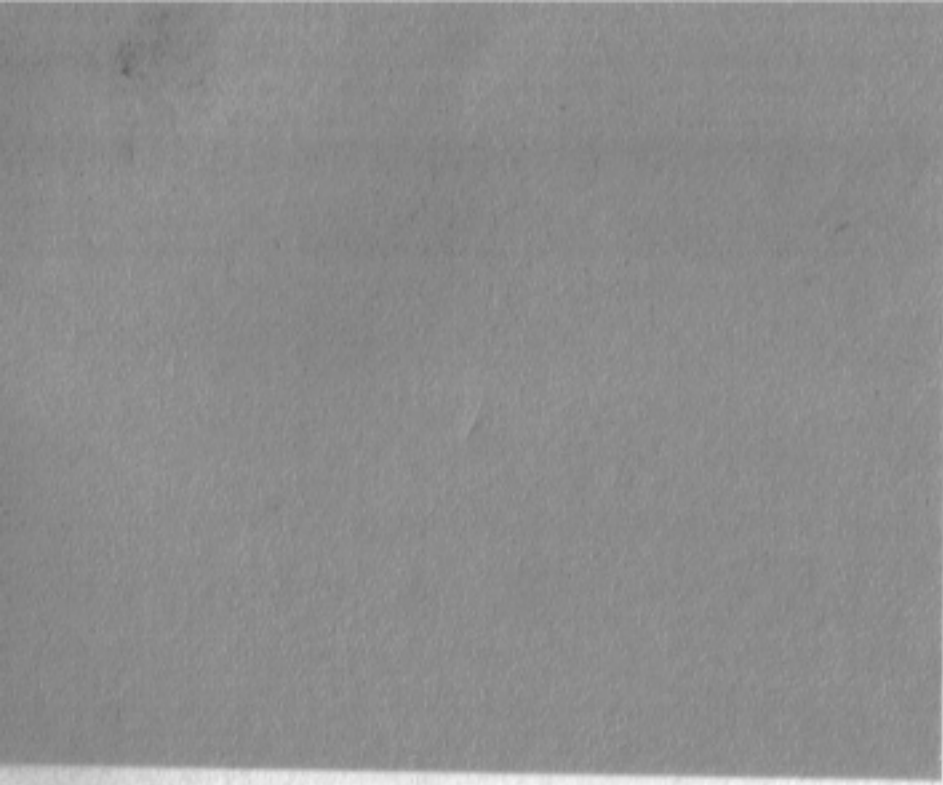


BEYOND THE SURFACE

A
THEORETICAL
FRAMEWORK
FOR THE
ANALYSIS
OF THE
MODE OF
PRODUCTION
AND SOCIAL
FORMATION IN
THE PHILIPPINES



by RICKY M. SANTOS



BEYOND THE SURFACE:

A THEORETICAL FRAMEWORK FOR THE ANALYSIS OF THE MODE OF PRODUCTION AND SOCIAL FORMATION IN THE PHILIPPINES

AFRIM Resource Center
Davao City

by
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I also am indebted to the Filipino peasants and workers, including those in Calamba and Calauan, Laguna, San Fernando, Camarines Sur and Buenavista, Agusan del Norte, my field interviews and interaction with whom served as a basis for the insights in this work.

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Ricky M. Santos

Author's note

The author has been a consultant of AFRIM's Mode of Production Project for the past few years. Since 1971, he has been involved in research and writing projects for the people's organizations. He is married to Jo Santos, a fellow researcher-writer, and has five children.

Foreword

This book by Ricky Santos is a very significant contribution to the growing literature on political economy in this country. Since at least the publication of Amado Guerrero's *Philippine Society and Revolution* in 1969, many Filipino scholars have grappled with the fundamental question of what the basic problems are that have kept the Philippines underdeveloped all these years. Their goal, implicit as well as explicit, has always been to uncover the solutions to these problems. With such a discovery, the hope has always been that if such solutions were put in place, then the country and its people will soon be traveling along the path of progress, prosperity and peace.

This literature has been inspired mainly by theoretical Marxism. In this regard, this book is very significant for two reasons: (1) at the level of theory, it is "at once an interpretation and extrapolation of Marx", and (2) as a guide to action, it apprehends the concrete conditions in Philippines society, as the numerous illustrations and discussions of concrete productive activity in the country will show.

Being at once theory and analysis of concrete conditions, many readers may find the book difficult reading. Many more may find much to disagree with; some may even disagree vehemently. But all this would in fact make reading this book an exciting adventure.

As a foretaste of what is to be found in the book, let it be noted here that the author weaves his discussion around a few fundamental concepts in Marxian political economy. These are the concepts of absolute vs. relative surplus, and formal vs. real subsumption of labor. Specifically, in distinguishing between capitalist and feudal modes, Ricky Santos considers as crucial the constancy or variability of unpaid labor or surplus appropriated in relation to worker productivity. With the polar cases of capitalism and feudalism clarified, the basic concepts are mobilized, successfully, we think, to better understand the more complex modes such as semi-feudalism, semi-capitalism, semi-colonialism, among others.

While this book, we think, has

clarified much that has remained obscure in the mode of production debate in this country, it certainly is not the last word on the question. For instance, obvious questions that Ricky Santos does not answer are the following: (1) If capitalism is characterized by constant paid labor (and therefore variable unpaid labor) relative to worker productivity, is this productivity constant, and if not, why? (2) If feudalism is characterized by variable paid labor (and therefore constant unpaid labor) relative to worker productivity, would such productivity remain constant? Why?

Of course, it is unfair to ask for the answers when Ricky Santos did not even raise them! All this is to show that the last word is yet to be written on the question of modes. But with this book by Ricky Santos, that last word may come sooner.

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INTRODUCTION

Though the following study aims to describe the various modes of production, class structures and social formations in general, it was a study that emerged in response to questions raised about Philippine political economy in particular.

First of all, the past hundred years, especially the last three decades, have seen significant changes taking place in the Philippine social landscape. Agriculture has, for instance, been marked by:

1. The rise of hybrid rice technology;
2. the increasing commercialization of staple food crops;
3. the spread of export crop production;
4. the successive "agrarian reform" programs leading to massive default by tenants of land purchase payments; and,
5. the intensified hiring of laborers.

In industry, two major waves have stood out:

1. the mushrooming of local industries during the period

of control; and,

2. the proliferation of non-traditional industrial exports since the late 1960's.

On the opposite end, a wide political spectrum of groups and individuals view the capitalist mode as already holding sway over Philippine society. Those who espouse this notion varyingly regard the turning-point in history during which pre-capitalist Philippines was supposed to have turned capitalist. Some consider this to have occurred as early as the 19th century. One advocate of the capitalist Philippines thesis has placed this to be during the 1950s, still another during the 1960s and yet another during the 1970s.

Those who have taken this position have based their arguments on the following assertions:

1. most of the surplus labor is appropriated by means of wage exploitation;
2. commodity production predominates; and,
3. most laborers, including those in rural areas, have been without landholdings.

These developments have prompted various parties to raise questions concerning the mode of production: what mode of production dominates Philippines society.

Different quarters have interpreted these trends in contrasting ways. On one end, it is argued, though on various grounds, that semi-feudal mode continues to prevail in Philippine society. Those who contend thus have cited the following reasons:

1. the ruling classes have extracted most of the surplus labor by means of land rent;
2. the economy lacks a heavy industry;
3. a comprador big bourgeoisie is the dominant class;
4. exploitation is undertaken through "extra-economic coercion," and,
5. because of monopoly, industry does not tend to accumulate.

In turn, this clash in ideas over the question of modes of production has stirred up a controversy concerning class structures: What are the dominant classes? What are

the predominant classes? Is the peasantry fading out? Or is a new kind of peasantry evolving? Is it already turning into a semi-proletariat or proletariat? What has become of the feudal lords?

Those who maintain that the Philippines remains semi-feudal point out that the peasantry continues to outnumber the other laboring classes; the majority of farmworkers belong to tenant or owner-cultivator households; and that most farmworkers are required to bring their own farm implements and thus are still poor peasants.

On the other hand, those who insist that capitalism has already begun to reign in the Philippines claim that the peasantry is on the wane or has become a minority. According to them, the peasantry has given way to landless poor sometimes described as half-peasant and half-proletariat. Others have gone to the extent of even including in the category of semi-proletariat tenants in commercial crop-lands.

In their view, part of the peasantry is developing into a rich stratum practicing capitalist exploitation. In like manner, the feudal lords are seen to be bowing out in favor of a rural bourgeoisie composed of usurers, rural bankers,

buyers of farm produce and dealers of farm inputs. Exponents of this view also hold that the majority of the laboring population are wage-workers. In line with this, they argue that a capitalist class, partly foreign and partly local, has already dominated Philippine society.

Though characterized by its own particular variations, a parallel debate is brewing, if not already raging, in other countries as well, most notably Latin America, India and Thailand. Certain schools of political economy have interpreted the ongoing trends as signs that the capitalist mode has begun to predominate in most societies in Asia, Africa and Latin America. They explain this conclusion by citing such factors as: (1) the inherent tendency of the capitalist mode to expand in search of more profits; and, (2) the drive for superprofits in the colonies where labor-power and raw materials are cheap.

These proponents likewise point to what they perceive to be a preponderance of proletariat and semi-proletariat on a global scale.

On these issues hinge much of the shape and color of the movements for fundamental change in these societies, as well as their success or failure. The nature of the social crises prevailing in these societies will spell out what kind of social systems the present ones are bound to transform into or should be transformed into based on present realities.

The current character of the modes and class structure will

reveal the classes that favor the old social order and oppose an alternative one and those that would uphold a social system dominated by a new progressive mode of production.

It would disclose the long-term and short-term issues that would effectively arouse the progressive classes and strata to mobilize for social change, as well as the forms of action and organization these would take.

This study was undertaken to help resolve these burning questions of the day and contribute to social transformation.

The following work is at once an interpretation and an extrapolation of Marx. First, it aims to present his fundamental ideas regarding modes of production, classes and social formations. Since Marx concentrated on analyzing and describing the capitalist mode, the bulk of his concepts as discussed in the following study deals with that mode. Aside from casting a general framework for studying modes of production in general, Marx's dissection of the capitalist mode in particular, as noted in his collected notes, *Grundrisse* allows us a greater insight into precapitalist modes.

Second, this study attempts to clarify certain formulations of Marx within the context of the overall body of his ideas.

Third, it offers certain new lines of thinking on the basis either of research not available to Marx

during his time, or of information regarding societies after Marx's time. The analysis of the feudal mode found in Chapter I arose largely from evaluating recent data gathered on European medieval economic history as well as on Philippine political economy during its Spanish colonial era.

Therefore, the following work is both an affirmation and continuation of Marx's.

In turn, we hope that this will support and spur further theoretical work on the basis of data already at hand or yet to be uncovered. In particular, since the following has served as a theoretical framework for an extensive survey conducted by the **Alternate Forum for Research in Mindanao (AFRIM)**, we expect a significant body of theoretical literature on regional political economy to be spearheaded by such work in Mindanao.

In developing a comprehensive synthesis of the leading philosophical trends during his era, Marx achieved a revolution in philosophy. He pointed out that the universe consists of matter - things ultimately observable and understandable, and that matter was characterized by the interaction of mutually exclusive opposites, otherwise known as contradiction. Within a certain phenomenon, a certain kind of interaction of mutually exclusive opposites generally exerts the most influence on the overall character of that phenomenon.

It was Karl Marx who first pointed out that the principal contradiction in a particular human society is in its particular mode or combination of modes of production, its relations of production - how people relate with one another, themselves and their natural environment in pursuit of production and exchange. In other words, in how people in a particular class society interact with each other, themselves and their natural environment as classes and members of classes.

Marx puts it this way,

The sum total of these relations of production constitutes the economic structure of society, the real foundation on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general.¹

To elaborate, a mode of production can be said to be comprised of the following quintessential aspects namely:

1. The Level of the Productive Forces

This can be said to be a composite of the following sub-aspects:

1.1. Labor-power or the quality of the human being with respect to work, her or his capacity to work. Human beings are composed of their brains, sensory

organs, appendages, glands and other body parts that at certain point in time represent a certain level of accumulated experiences, physical development and level of skill. Subsumed here is a person's knowhow — an interaction of one's direct personal activity, one's direct observation of the environment, theories assimilated from others, and concepts derived from direct participation and observation.

1.2. Means of production— these comprise all in the environment of human beings that are used for production. These are usually classified into:

a. **instruments of production** — otherwise known as means of labor. These are composed of all those objects used in production that do not physically enter into the product and whose shape remains basically the same throughout a series of production cycles. Falling into this category are implements such as ham-

mers and plows, as well as machinery.

b. **raw materials** — refer to all substances in the environment made available by means of human labor and which enter materially into the product. Several examples include coffee beans for instant coffee, leather for shoes and crude petroleum for gasoline or plastics.

c. **ancillaries** — those materials which are consumed or which change form during each production cycle but do not enter materially into the product. To this category belongs petroleum crude when used as fuel, industrial water used as steam or coolant, greases and detergents for cleaning machinery.

1.3 Level of interaction of labor — this means: how many persons work together and how much they directly help each other in production.

1.4. Productivity — this refers to how much pro-

duct or labor-service results from a given amount of labor. This goes without saying that production may create either a product (something tangible, that can be held) or labor-service (something of use yet intangible, such as the transport service of transferring a person or object from one location to another; or communication, involving the transfer of message from one place to another).

2. The Relationship of the Laborers to the Means of Production

This refers to the separation or attachment of the laborer to the means of production — whether owned or not—, and how the laborers are compelled to remain with, or disengage themselves from the means of production.

3. The Mode of Exchange or Circulation

By this, we refer to specifically how much of the share of the produce or compensation with which the laborer renew his or her capacity to work is directly from his or her own production.

4. The Mode of Control of Labor-

Power

The manner in which the laborers decide or are dictated upon on questions of production and how these decisions are enforced.

5. The Mode of Surplus Labor Appropriation or Exploitation

On a broader level (corresponding to all societies) this refers to the manner in which a part of the product or labor-service created by the laborers goes to maintaining themselves and their offspring (necessary product or labor), and the manner in which a part above and beyond this (surplus product or labor) is disposed.

Marx described this relationship as the single most important aspect of the mode of production:

The essential difference between the various economic forms of society, between for instance, a society based on slave labour and one based on wage labour, lies only in the mode in which the surplus labour is in each case extracted from the actual producer, the labourer.²

Distinct from and yet parallel to this is the interaction between paid and unpaid labor or exploitation. This refers to the manner in which a portion of the product or labor-service created by labourers (possibly below or above the amount necessary for their sustenance — in short the necessary product) is appropriated for their personal enjoyment or consump-

tion and another portion (possibly below or above the surplus product) is appropriated not for their personal consumption, but for others'. In a class society, the paid labor normally corresponds to the necessary labor (in other words, the laborers are sustained at a normal level), and the unpaid to the surplus.

The unpaid and paid portions of the labor and product act as mutually exclusive opposites. The former entirely moves away from the actual producers, while the latter entirely moves in their direction.

In the discussion of each mode of production, we duly recognize the paramount significance of this mode of surplus or unpaid labor appropriation by discussing it ahead of the other aspects of the mode.

On the other hand, as we shall notice in the following discussions, these five aspects are not mutually exclusive of one another. In fact, they to some extent overlap with each other and interweave into one another to form an integrated whole that constitutes the mode of production.

The mode of production can be manifested on what we may term the micro level (say, a single farm, workshop, factory or some other production unit), and the macro level (in society in its entirety). The social aggregate and inter-relationship among units of a certain mode of production on the micro level makes up the mode of production in its macro level.

Marx also pointed out that in a particular society or social formation containing two or more modes of production one of these tends to dominate the entire complex of modes of production in that society. In his own words,

In all forms of society there is one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others.³

To each mode of production characterized by certain modes of exploitation, relationship of the laborers to the means of production, circulation, control of labor-power and productive forces, correspond a set of classes and a class structure.

The following work is divided into five chapters. The first deals with the feudal mode of production, class structure and social formation. It appears first in the order of discussion since it is, historically, the more backward mode and the one least discussed by Marx. Interposed in it is a discussion of the slave mode of production.

The second chapter focuses on the capitalist mode of production, class structure and social formation. It is largely an attempt to condense Marx's most fundamental ideas on this topic.

The third discusses what may be considered as intermediate modes: the semi-feudal and the semi-capitalist modes.

The fourth tackles the sub-

ject of semi-colonialism, especially in relation to modes of production discussed in the previous chapters. It also attempts to review in brief the features of the monopoly stage of capitalism in the context of semi-colonialism.

The fifth presents a sweeping summary or synthesis of the previous chapters, with stress on the conclusions regarding modes of production and class structures in Philippine society that are found in the earlier chapters.

NOTES: INTRODUCTION

1. Karl Marx, "Preface to a Contribution to the Critique of Political Economy," **Karl Marx and Friedrich Engels Selected Works (in Volume)** International Publishers, New York, 1968, p. 182.

2. Karl Marx, **Grundrisse (Foundation of Political Economy)**, (Martin Nicolaus, transl.), Penguin Books, Ltd. Middlesex, England, p. 1973).

3. Karl Marx, **Capital**, Vol. I (F. Engels, ed., S. Moore and E. Aveling, trans.), Encyclopedia Britannica, Inc., Chicago, 1952, p. 105. "The essential difference between the various economic forms of society, between for instance, a society based on slave labour and one based on wage labour, lies only in the mode in which this surplus labour is in each case extracted from the actual producer, the labourer."

CHAPTER 1

THE FEUDAL MODE OF PRODUCTION AND SOCIAL FORMATION

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What makes a feudal mode of production? What distinguishes it from other modes of production? What makes it distinctively feudal?

Among the five basic elements mentioned above that compose the mode of production, it is the mode in which the actual producer is exploited, — the mode of exploitation — that plays the role of the principal contradiction of the entire mode or class relationship. For this reason, we shall discuss the mode of exploitation first and then proceed to the other four essential characteristics distinguishing the mode.

I. THE FEUDAL MODE OF EXPLOITATION

How is the laborer exploited in the feudal fashion? What makes the feudal mode of exploitation?

A. BASIC TYPES OF FEUDAL EXPLOITATION

To address these issues, let us first review the various types and the overpricing of goods associated with and corresponding to feudalism. During the medieval period of European history, feudal lords subjected peasants to five basic types of surplus extraction ---

rents, usury, underpricing or undercompensation of their products, overpricing of the goods or labor-services sold to them, and gambling.

1. Feudal Land Rent

Of these five types, land or ground rent was the more prevalent and by far greater source of unpaid labor for the medieval exploiters. Peasant households yielded a

certain amount of their produce, money or labor-service to those who controlled the land in "exchange for the freedom or right to use the land, work on it and live off it."

The produce given up as land rent most commonly took the form of crops such as rice, corn, wheat, barley, millet and vegetables. However, medieval rentiers collected as well a wide variety of other types of products, including animals and animal products such as chickens, pigs, cattle, ducks and eggs. The following observation by a historian on medieval times takes note such a phenomenon. "The fact that many (peasants) paid rents for hens and eggs implied that most of them could be assumed to have poultry".¹ Lords also received as rents seafood such as fish and shellfish, and mining and metal products including gold and metallic money. One medieval account relates: "... on other sites, the miners, who usually put up the forges and

did their own smelting on the spot, had also to recompense a local lord for use of his timber and his streams".² Rent also came in the shape of handicrafts such as cloth and forest products such as firewood.

Apart from rent in kind, feudal lords often demanded rent in the form of labor-service. Under the most widespread arrangement, they forced peasants to clear and plow the land, sow, weed, harvest, thresh and mill, and transport the crops for free on certain lands they allotted for themselves. Apart from this, they compelled the peasantry to do the following kinds of work for free: feed, graze, clean and take care of animals; catch seafood and transport these to the place of processing, trade or consumption; dig or pan, smelt and transport metal or stone; build roads, ships and churches and other structures; carry out domestic chores such as cooking and housecleaning; gather materials and transform these into

cottage industrial products. Historical accounts reveal that "small holdings were available in return for competent craft services rather than field labor dues;" "it is known also that some German religious houses continued to exact weaving services from serf women as late as the fourteenth century."³

In rendering labor-services, the peasant households used tools or instruments and materials they themselves prepared and produced, or at least they themselves bought, maintained and replenished.

In using the land they broadly engaged in crop-growing or agriculture proper, animal husbandry, inland and offshore fishing, handicraft or cottage industries involving the processing of products from agriculture and the extraction of materials from the environment, forestry, mining, travel and transport, and the building and operation of dwellings and settlements.

These lines of work formed the main fields of endeavor for the laboring population. At the same time these made up their main source of subsistence. In most production units and from most working households, ex-lords directly extracted most unpaid surplus labor through land rentals.

But even the fact that land rent was the main type of exploitation in medieval society it did not stand out as the differentiating feature of feudal production. Marx himself defined pre-capitalist ground rent or what is generally associated with forms of feudal land rent as that ground rent which is the

"only dominant" or "normal form of surplus value."⁴

We may interpret this description by Marx of feudal land rent to mean any or all of the following:

- a. "... ground-rent is the only dominant and normal form of surplus value or surplus labour: which is expressed in turn in its being the only surplus labour or surplus product which the direct producer who finds himself in possession of the conditions of labour needed for his own reproduction has to provide for the owner of the conditions of labour that includes everything also at this stage, the land..."⁵

In short, the landowner does not require medieval tenant to give up to the land-owner any form of unpaid labor, aside from the rent.

- b. 'Rent and not profit is the form in which the unpaid surplus labour is expressed. The extent to which the worker (a 'self-sustained serf') can obtain a surplus over what we could call wages in the capitalist mode of production, depends, other things being equal, on the proportion, in which his working time is divided between labour-time for himself and statute-labor for the landlord. This surplus over and above the necessary means of subsistence, the nucleus of what appears as profit in the capitalist mode of production, is thus entirely determined by the level of ground-rent...' ⁶ inasmuch as profit arises alongside (rent) as a particular part of surplus labor, the money rent, like rent in its earlier forms, is still the normal limit for this embryonic profit, which can develop only in proportion to the possibility of exploiting that labor,

whether a person's own excess labour, or that of others, which remains after the surplus labour expressed in money rent has been paid. If a profit really does arise alongside the rent, it is not the profit that sets a limit to rent, but inversely rent which sets a limit to profit.'⁷

'In so far as he makes a profit, realizing an excess over and above his necessary means of subsistence, whether by own labour or by expressing the labour of others, this happens behind the back of the normal relationship; other factors being equal, it is not the level of this profit that determines the rent, but his profit is inversely determined by the rent at its limit.'⁸

In this manner, rent dominates profit: the size of the rent will spell the amount of surplus that the laborers can get for themselves, and not vice-versa. Rent is dominant relative not to other forms of surplus appropriated by the laborers themselves.⁹

- c. 'Rent has now been transformed from the normal form of surplus-value and surplus labour into an excess over the part of the surplus labour that is claimed as a matter of course and normally -- an excess peculiar to one particular sphere of production, the agricultural. Instead of rent, the normal form of surplus value, is now profit, and rent now counts as an independent form of surplus-value in general, but of a particular offshoot of this surplus profit.'¹⁰

We may take this to mean that in certain non-feudal modes of production, rent may occur only under special conditions while espe-

cially in the capitalist, profit occurs generally, under all conditions. In contrast, in the feudal mode, rent appears under all conditions while profit -- arises only under certain special conditions.

Marx's analysis zeroed in specifically on the nature of precapitalist ground rent -- on the relationship between the medieval rentier and the peasant. In defining land rent, he did not describe feudal exploitation as a whole, in its length and breadth, in particular, the other basic types of feudal exploitation apart from land rent. Marx himself pointed to the proliferation in medieval society of these other forms of direct exploitation aside from rent:

The high rate of profit in the Middle Ages... was a result of the fraud committed against the countryside, the appropriation of a part of the landowner's rent and the income of his dependents. In the countryside exploited the town politically in the Middle Ages, wherever feudalism was not broken through by exceptional development as in Italy, then the town everywhere and without exception exploited the countryside economically through its monopoly prices, its taxation system, its guilds, its direct commercial trickery and its usury.¹¹

To arrive at an analysis of the feudal mode of exploitation, we must find out what feudal land rent has in common with the other types of feudal exploitation that principally separate them from other modes of exploitation. What did feudal land rent have in common with medieval usury, underpricing of produce,

overpricing of commodities and gambling? To address this question first entails a comprehensive grasp of feudal land rent in its myriad forms.

Though Marx's description of feudal land rent covered all varieties of feudal production wherein rent was the only or dominant form of exploitation, it did not speak for situations where feudal usury, underpricing, overpricing or gambling dominated feudal exploitation of the peasantry.

To get to the core of the matter, we are called upon to dissect feudal land rent even further. What is it in land rent appropriated directly from the laborer that distinguishes the feudal mode from others? What made land rent the prevailing type of exploitation in medieval production and society? What did land rent have in common with the other basic types of exploitation such as usury, the underpricing of produce, and the overpricing of commodities?

a. Forms of Feudal Land Rent

To grasp it in depth we need to see it in its broad spectrum. Let us start out with what was ordinarily been understood to comprise medieval land rent.

1) Formal Land Rent

Many view medieval land rent as payment in money, kind or labor demanded by the land-owner (the landlord) for the possession or use of landed property. Indeed, during the height of medieval production,

the rentier -- whether state, Church or individual -- did formally own at least a substantial portion of the land on which it derived rent from the peasants. The rent-taker appropriated rent by virtue of this formal or legal authority over land. Hence, the frequent referral to the exploiting medieval class as the landlord class.

2) Informal Land Rent

During the infancy of medieval society, a large section of exploiters who collected quantities in kind, money or labor-service from peasants did not however formally own the land. Warlords and officials of the churches and state just as with the legal landlords demanded dues from laborers on land considered as owned by the peasant households themselves, the entire community or even "the gods".

Tribute for military protection — under the agreement on protection known as *commendation* or *precarium* the warlord-protector often demanded land from the peasants and in turn returned this to them in "exchange" for a portion of their produce or labor-service.

Historian Marc Bloch thus describes such as *modus vivende*:

Among the kinds of agreement for protection, one of the most stringent, but probably not the least common, was that by which the small cultivator transferred his land to the patron. He was not as a rule actually dispossessed. He gave it to get it back again; but henceforward as *colonus* (payer of rent) . . . whole rural communities sometimes accepted a

protector.

In addition, often enough, the generosity of the lord was, in truth, only apparent; he was merely giving back some property which his client had previously surrendered to him, now burdened with fresh obligations; and the game of surrender and regrant simply transformed a holding formerly autonomous into under one authority. But the question whether the grant was real or nominal did not change its profound significance.¹²

Since in these cases, the feudal lord did not formally own the land, we can, strictly speaking, consider these collections not as formal rent but rather as a form of tax. Thus,

. . . when we turn to the acts of personal surrender, which are apparently at least the numerous, we note with some surprise that as a rule they make no reference to the land. The only dues stipulated for are those laid on the man himself or his descendant; most often, they take the form of a poll-tax.¹³

On land deemed to be owned by peasant households or communities, feudal lords imposed tribute or taxes supposedly to recompense themselves for providing military protection against slave-raids, plunder, arbitrary extortion or excessive exactions.

Though a large number of persons and institutions did not themselves formally own the land, these in essence extracted absolutely uncompensatory or gratuitous tribute and taxes from medieval laborers in "exchange for the freedom to use the land and gain a portion of the produce as means of subsistence." We note that what the pea-

sants rented was neither the land nor even its use, but the freedom to use and possess it.

The state, churches, and individual warlords made the "client-peasant" pay for the freedom to till under the military protection they supposedly provided. It might even appear that these lords through "protection" was "advanced or extended" to the peasantry that this "freedom to use the land" made possible by military protection even before they required it to "return the exchange" by paying informal land rent. Meaning to say, "protection" may even seem to oblige the feudal lord to "give" the peasants their freedom to work on the land before harvest of crop and payment of rent.

In the early years of civilization, patron-rentiers extended this so-called military protection against several sources of harassment of the peasantry.

First, the enslaver. In fighting for the peasants against the enslaver during the decline of slavery, the warlords and their armies exerted labor-power and performed labor of service to the peasants. Such a labor-service enabled the peasants to be freed from the bondage and already decaying relations of slavery. It permitted them to release, realize and raise their productivity and enter into newer, more progressive relations of production. To the extent that this military service was of use to the peasants, it was a labor-service they themselves consumed.

However, after the warlord defeated the enslaving force, left it powerless against the peasantry and thus erased the threat of slave-capture the warlord ceased to render military service to the peasants.

Second, the plunderer. Preventing him from wresting even the product necessary for survival of laborers, the warlord allowed them to retain a certain part of the produce sufficient for subsistence and thus sustain their capacity to work. In combatting the pillager in behalf of the peasants, he produced a type of service useful to them.

Then again, after the warlord immobilizes the despoiler against the peasants, he no longer performs military service for them.

A third target of military protection by the rentier warlord, state or church was a fellow rentier. Historical records bare cases of peasants coming under the domain of the warlord- "protector" to avoid rendering military service to another warlord.¹⁴

In a similar manner, peasants during the medieval epoch often sought from individual warlords or from the church protection against tax-gatherers of the state. A discussion on the precarium practiced during the latter period of the Roman Empire depicts this:

We must remember that the adversary so addressed need not be a private enemy or a rich oppressor. He may just as well be a recruiting sergeant, a judge or most likely, a tax-gatherer.

When these arrangements of "protection in exchange for taxes or tribute" led to an equal or even greater unpaid-labor extraction from the "protected", then the warlord-patron provided no service at all. Only when as a result of the "protection" were peasants paying less for "protection" than what they would have paid to others was there any service given.

Again as with the two earlier types of harassment, when the other rentier comes to be immobilized, paralyzed or displaced from a position or situation such that he lost the ability to impose or reimpose his own brand of exploitation on the "client"-peasants then the erstwhile "protector" stops creating labor-service for the peasants.

In addition, as long as what the peasants pay to the "protector" does not exceed the equivalent of the military labor-service performed in immobilizing the sources of harassment then the military-service adequately matches that payment in kind, labor or money. What, however, is paid above and beyond the equivalent of that service is another matter. What becomes of military protection after it ceases to become of use to the peasants? The service that they paid for in kind, money or labor-service becomes a service instead to the rent-exploiter. The payment of "protection" dues turns into a means of extracting unpaid labor. Even after the peasants have long paid for the military service, the rentier continues to insist that they go on paying for the right to use

the land. Even after he no longer contributes to their freedom to use the land, he continually presses for rent, making it appear that he still is giving them freedom to utilize the land.

But instead of enhancing that freedom, the feudal lord is now doing the opposite: he is taking back the freedom which the peasants had already paid for and demanding that they pay to get it back. Before he even requires payment for the freedom to use the land, the "protector" grabs that freedom from them before it is again given.

But this time, when the peasants pay for it, they do not get any labor-service or product in return. Whereas they used to pay the "protector" in exchange for some labor-service, they are now actually paying for nothing. There is now no real exchange that follows. What ensues is merely the illusion of exchange.

Religious dues — The churches often collected religious dues from medieval laborers to sustain church personnel exempted from work on the land and tasked to perform particular services for the church organization. Where this service did not at all benefit the peasantry but others instead, then this too constituted another kind of exploitation in the form of informal land rent.

The Catholic Church in Europe, for instance, received rents on land which it did not formally own. This it accomplished through the *tithe*, one-tenth of the produce of the

peasant households, and the *Altaria* dues collected for the rectories. The following description reflects the size and importance of these forms of exploitation to the Church.

About 1,150 tithes and altaria played a much greater part in and produced a far greater share of the great abbey of Echternach in Luxembourg than did landed property.¹⁶

Taxes — Moreover, lords exacted quantities of labor-services and produce from the peasants not only in the form of formal rents, but also in the shape of taxes other than those collected for "protection."

British lords gathered one such tax, the *tallage* -- the most infamous one during the European medieval era -- at first arbitrarily or irregularly but later transformed it into a definite amount to be claimed within a definite span of time, one year. Serfs often had to make annual payments -- called *chevage* to the lords so as to obtain the right to live outside the manor or estate.¹⁷

The taxes peasants in England paid to their feudal lords included the *heriot* (the payment of the best beast of the peasant household upon the death of the household head), and the mortuary (the payment to the Church of the second best beast on the same occasion).

Fines — Lords appropriated additional unpaid produce form of fines such as those for clearing land (called *assarts* in England) amounting to one shilling for each acre of

Altaria wheatland and six-pence for each one planted to oats.¹⁸

English peasants paid another fine for entry, on assuming tenancy; fathers, the *merchet*, for marrying off their daughters and the *leywrite*, if the daughters were found to be "engaged in immorality."¹⁹

Land purchase payments — Still another source of exploitations was the purchase by peasants of the lands they cleared and tilled. Virgin land itself contained no value. Only land on which labor was performed — such as clearing, cultivation, the preparation and maintenance of irrigation — embodied value. Since it was solely the peasant household that provided this labor during medieval times it alone was responsible then for creating the value found in the land. Since the price of the land was supposed to mirror the value of the land, the peasants paying to buy the land were in effect paying for something they themselves created using their own tools. In effect they were paying for absolutely nothing. For this payment they were actually receiving nothing in return.

From a formal, legal and therefore narrow perspective, tribute, taxes, dues, fines and land purchase payments not compensated in any way whatsoever by actual and concrete products or labor-service to the peasants from whom they were exacted and that were not paid to the legal owners of the land fell outside the category

of land rent. Nevertheless, from an informal and broad point of view peasants delivered these payments in exchange for absolutely nothing to those who actually controlled whether or not and how the land could be used. Thus, we may — in fact, should — regard these forms of exploitation as informal but actual land rents.

b. Basic Types of Feudal Land Rent

Now let us proceed to the basic types of land rent exacted from the peasantry. From this vantage point we are in a better position to single out what differentiates feudal land rent from other forms of exploitation.

Feudal Land rent falls into three basic types.

1) Quit-Rent

The first is what can be classified under the category of quit-rent. This encompasses all forms of rent, formal or informal, equivalent to a definite amount of produce. Though "quit-rent" strictly refers to a "fixed" amount of produce or money paid as rent as substitute for labor-service dues we employ the term in the broader sense: tribute, taxes, fines, religious dues, land purchase and formal land rents payments in quit-rent form. This kind of formal land rent grew common in medieval Europe, and was known as *firma* or *emodiato* in France, *comisio* or *pensio* in Germany, *pectum* or *pactus* in Dutch or Low-German-speaking countries,

and *jomen* in Japan.²⁰

Lenin's **Development of Capitalism in Russia** made mention of certain quit-rents in kind such as 10 eggs and one chicken for every *dessiatine* (roughly one hectare).²¹

During the early years of Spanish colonization in the Philippines, the Spanish *conquistadores* demanded two *fanegas* or roughly 1-1/2 cavans of palay as yearly tribute from each nuclear family or unmarried adult male, in addition to a piece of colored cloth measuring two yards in length and a yard in width.²² In the estates of the Catholic Church in the Philippines, towards the end of the eighteenth century, the friars exacted a rent of 50 cavans for every *quinon* (approximately 2.7 hectares) from the peasants.²³

Then, even the church collected religious dues in this manner. The parish priest appropriated two cavans of palay from each household during harvest time as a token of "thanksgiving" — a practice called *pagpasalamat*.²⁴

Spanish *conquistadores* first gathered land rent in the shape of a tribute that took the form of quit-rent. Formally they demanded money. In practice, however, they acquired rents in kind.

Towards the end of the reign of classical feudalism, the lords often amassed rent in the form of money. This growing popularity of money rent stemmed from an array of interconnected factors: rise in rents, the increasing demand for luxuries

on the part of the rent-takers, the burgeoning trade in the rentiers' share of the product, the greater production of gold and silver, the more intensified use of these precious metals as media of exchange and payment, the flourishing of commerce brought about by a larger supply of money and the emergence of swifter and larger means of transport and communications.

Money as the universal commodity and as a special kind of product itself usually in the form of gold and other precious metals reflected for each period a certain amount of average socially necessary labor corresponding to each unit of money. Since for that same period, a certain quantity of other commodities aside from those used as money embodied a certain amount of average socially necessary labor, a given volume of money, say one ounce of gold, represented a certain amount of another commodity for 10 pounds wheat.

Even where monopoly pricing prevailed as it did during feudal times, and where such prices did not reflect their actual values of products, the fact that products were assigned certain prices at a certain period in time meant that in a certain period, a rent in the form of a given amount of money was equivalent to a definite amount of peasants' produce based on the prevailing prices at the time.

In this manner, money rent was simply a specialized form of rent in kind. Therefore, tribute in the case of the Spanish colonialists in the Philippines was largely a means

to extract a certain amount of produce from the peasants.

One advantage of receiving land rent in money was that the rentiers no longer needed to sell the peasants' rent-produce first before acquiring the money to buy the variety of goods to suit their wants and whims. (A second advantage — the opportunity for underpricing — we shall discuss in a subsequent section.)

On the other hand, the peculiar advantage in quit-rent over other types was that it ensured the feudal lords a certain minimum amount of produce to be demanded even in the event of pestilence, flood, drought and other natural disasters. While the lord did not oblige the peasants to immediately come across with the set quit-rent they required them to pay off during succeeding harvests whatever shortfall in the rent payment they might have incurred during "bad times." In certain instances, this credit arrangement would furnish the feudal lord an opportunity to practice usury on the peasants. (Later we will discuss this subject more extensively.)

In Japan under the *jomen* contract:

The landlord was still expected, when a harvest was exceptionally bad, to make adjustment in rent — to revert temporarily, as it were, to the practice of *kemmi* (sharecropping) . . .²⁵

This leads us to the second type of rent: partary rent.

2) Partary Rent

This amounted to a certain percentage or fraction of the product of the laborers possessing the tools and materials of production. Such a rent ranged from as low as one-twelfth to a high as four-fifths of the produce.

Lords and peasants practiced such arrangements widely in medieval Europe. In Italy sharecropping (called *mezzadria*) though first recorded in the ninth century spread rapidly only from the 12th century onwards.²⁶ Ordinarily one-half of the crop made up the land rent in Italy for wine and tree fruits and a lower percentage for grain. In fertile lands, lords demanded one-half or even a bigger fraction of the grain harvest.

An account of agrarian practices in medieval France discloses the extent of sharecropping there:

The division of land, at any rate, in France, present-day Belgium and on the left bank of the Rhine was carved out by means not a *cens* (quit-rent) not a *champart* (*campipars*, *agrarium*) or *terrage* (*terragium*) that is to say, in return for a share of the produce.²⁷

The sharecropping arrangements went by various names: in France as *bail a part de fruits*, in Germany as *teibau* in Netherlands as *deelpacht* and in Japan as *kariwake*.²⁸

Most commonly, the sharecropping rent took up 50 per cent of the product — a practice termed variously as *metayage*, *mediateria*, *halbpacht* and *helftwin-*

ning.

This arrangement also applied in the collection of rents in produce other than crops, such as livestock: an arrangement was called *bail a chapel* in France and a *soccide* or *societas* in Italy. The following describes its practice in Italy:

Besides terminal leases of land, and often combined with them, similar forms of contract for fixed or partary rents were adopted for the lease of livestock. Of these by far the commonest and also the most ancient, was another type of partnership, the grant of beasts 'at halves' or a *soccida* (*societas*).²⁹

Medieval accounts also relate instances of partary rent in the form of mineral products:

Territorial overlords permitted anyone to stake and register a claim, in return, taking up to 10 per cent of the product by virtue of fresh elaboration of regalian right.³⁰

In the Philippines, sharecropping arrangements known as *kasamak* or *kasamahan* emerged even before Spanish colonization. Only in the seventeenth century, however, did these establish themselves as the most prevalent form of rent exaction in the landed estates. Under these arrangements, the laborers surrendered one-half to two-thirds of the crop as rent to the land-owners.

Rent-takers enjoyed one distinct advantage in partary rent: unlike in quit-rent, they could immediately benefit from the increase in yield. To fully avail of the rise in harvests, the feudal

lords needed overseers and guards to prevent sharecroppers from secretly reaping the crop, and to supervise the harvesting operations as well. Sharecropping thereby assured the rent-takers that they appropriated no less than the predetermined share of the crop. At the same time, in contrast to quit-rent takers, lords paid in cropshares bore the disadvantage of receiving less unpaid product during periods of low yield.

Sharecropping in the friar haciendas took on a peculiar form in the nineteenth century. A stratum of tenants who originally received land allotments paid for in quit-rents accumulated more and more of these landholdings until these covered tens or even hundreds of hectares. In the process they increasingly shifted the burden of work on the land to peasants with no or small landholdings in exchange for a definite share of the crop. This trend eventually reached a point where a section of tenants undertook no significant part in farmwork whatsoever, or at least in comparison to the income they received from these farms. Thereby they came to assume the role of rent-takers who were at the same time rent-givers. They have also been described as an intermediate or sublandlord group.³¹ Under these conditions, the sharecroppers functioned the actual producers on the land.

Though the friars in these estates exacted a quit-rent known as *canon* from the tenants, this unpaid produce did not originate from the latter's labor. In other

guards words, such unpaid labor was not from sec- extracted from the tenants. The and to religious orders ultimately extracted operations the surplus that went to them as quit-rent from the sharecroppers. whereby as- the rent extracted in the final instance from the they ap- the sharecroppers did not take the ne prede- form of quit-rent. The rent paid to o. At the the friars was merely part of the quit-rent the unpaid surplus product derived by opshares the tenants from the sharecroppers. of receiv- It merely reappropriated unpaid labor previously and origi- ing pe- nally appropriated through share- cropping. The real type of land- rent exploitation in this case was friar ha- exaction not of quit-rent but of r form in crop share rent. A stra- tid for in more and ngs until or even the pro- ifted the land to all land- r a defi- his trend nt where ertook no rk what- mparison ved from y came to kers who ent-givers. scribed as blandlord nditions, ioned the and.

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3) Labor Rent

A third category of rent is labor rent or corvee labor. This involved allotting a certain number of days per week, season in "exchange for the right to use the land." In the manorial or seigneurial estates of medieval Europe, lords pushed the peasants to toil for either one, two, three or four days a week throughout most of the year, and either three, four, five or even six days a week during a harvest season, not to mention other specific seasonal obligations.

The following allows us a glimpse into the corvee labor that took place in medieval England:

On Ramsey, Abbeys manor at Gravelly, villeins (tenants) holding virgates (roughly 12 hectares each) worked for two days each for most of the year and four days, not counting additional boon (seasonal) works in the harvest season: peasants holding 15 acres or 6 hectares each in Eversden worked harder: 3 days each week (including one day ploughing during ploughings times) for most of the year and in harvest 2 days together with reaping works amounting to at least a further 2 days a week; holders of 4 hectares in Sadon, Essex owed 2 days work weekly from Michaelmas to Whitsuntide, 4 days from Witsum to Lammastide and 5 during harvest.³²

In the Philippines, the Spanish colonialists forced peasants to work for at least 30 days annually during the eighteenth century and at least 40 days annually during the nineteenth in the colonial estates and building projects. In some areas the parish priest compelled certain

peasants to catch fish for him during Fridays.

Marx described this type of land rent in his major work, *Capital*, in the example of the Wallachian peasant. He relates that according to the code of the corvee, the legal prescribed number of corvee days did not correspond to the actual number of labor days performed without compensation by the peasant. This was because for each labor day the lords demanded, they expected a particular amount of labor service, say the weeding for a certain area of cropland. Such a task, Marx explained, would often require as much as thrice the corvee labor-time originally prescribed. In that sense, what the manorial lords extracted from the peasants via labor rent were actually definite amounts of labor-service.

During the height of feudal development in Europe, labor rent was gradually eclipsed by other types of rent. Most interpretations of medieval history trace this trend mainly to the fact that corvee labor interfered with crop and animal farming on the peasants' own fields. A study on the decline of corvee labor in France thus states:

One of the (actors behind this) was certainly the resistance of the tenants who hated sacrificing the cultivation of their holdings to work on the lord's fields.³³

In this study on the friar estates during Spanish colonial times, historian Dennis Roth noted,

Another harmful effect of (corvee labor) was that it sometimes took him away from his field during times of sowing and

harvest. If he was fortunate enough to avoid that situation by serving during a different part of the year he might yet still to find his animal or tools were stolen from him.³⁴

Even Marx referred to this drawback of labor-rent,

... the burdensome and more or less constant interruption of labor for the landowner which characterizes statute-labor...³⁵

In this connection, Marx pointed out that in alternative types of land rent,

The producer has a greater room to maneuver, compared with labour rent, to gain time for excess labour whose product belongs to himself, just like the product of that labor satisfies his most indispensable needs.³⁶

c. Feudal Subtenancy: A Strain in the Feudal Economy

Not only non-working landowners collected land rents from peasants. Fellow peasants, as well in particular those with large landholdings claimed land rent during the medieval era.

Historians described this phenomenon in the following accounts:

There is, for example, frequent mention in many parts of England of 'undersettlers' who held some small plot sublet by a more prosperous neighbor;³⁷

Our sources make it quite clear that in the thirteenth century the more sub-

stantial villagers sometimes subject portions of their holdings. . . where we find a large peasant holding made up of widely separated blocks of land, sometimes in different villages, or containing numerous habitable houses with several identifiable cotlands, the presumption is that the land could not have been exploited otherwise than by subletting. Subletting however, was not confined to composite holdings. We frequently find sub-leases which appear in surveys as single tenancies. Such holdings could contain 'undersettles', i.e. tenants' tenants, even though their existence may be cancelled from view. Now and again our documents reveal that by indirect signs the existence of 'undersettles' on the estates of St. Peter's of Gloucester or the Bishops of Ely, the surveys, in defining the tenants' obligations, lay claim on the services, (especially the harvesting services) of their subtenants, thus revealing their existence. Similar revelations, however fleeting and indirect, will be found in other sources. The bailiff's accounts, court rules and assessments to taxes. . . It is thus possible to regard some of the larger village holdings as peasant 'minimanors' of which portions would be directly cultivated by the principal tenants, while the rest would bring in rents and possibly some services. Submanors of this type were most likely to be found on the very large holdings of three or virgates (36 hectares or more) in the possession of freemen and francolanis.³⁸

This parallels the observation of Marx in *Capital* about the very same phenomenon:

During the period of its rise, when this new class still appears only sporadically, the custom necessarily develops, among the better-off rent-paying peasants, of exploiting agricultural wage-labourers on their own account, just as in the feudal period peasant serfs already kept serfs of their own.³⁹

From the following assertion we can glean that subtenancy or peasant-exploitation of peasants was widespread.

If we set it (the acreage sufficient to support the average family) around 10 acres (roughly 4 hectares), which may be a little too high, then almost half of all tenants, more than half of all tenants in villeinage, had insufficient arable to support their families; and we must repeat that these proportions take no account of the numerous undersettles, subtenants and landless who seldom appear directly in our records.⁴⁰

d. Formulas in Calculating Past and Present Labor in Feudal Production

Definition of Terms

Wherever and whenever instruments and materials are employed in production, the resulting product (such as rice) or labor service (such as the tilling of a one-hectare piece of land) represents not only present but also past labor. The term **present labor** refers to the entire gamut of labor currently performed during the production process such as plowing, planting, weeding and harvesting. On the other hand, **past labor** refers to the labor previously generated to produce instruments of production such as plows, harrows, sickles, and work animals; raw materials such as seeds and fertilizers, and ancillaries such as fuel for farm machines. **Instruments** are distinguished from these other types of means of production in that they retain shape throughout a series of production cycles or

periods. The term **raw materials** denote those means of production that materially enter the product itself during production, whereas the term **ancillaries** describes the materials used during production but which do not enter the product itself.

Present labor not only transforms into a part of the product or labor-service in the course of production. It also transforms part of the past labor in the shape of instruments, raw materials or ancillaries instrument, or material of production into another product or labor-service.

In the case of an instrument of production, its usefulness and the labor required to create this utility is used up only after a series of production cycles. The plow, for instance, ordinarily ceases to be of function only after at least 10 farming seasons. Thus, during each process the labor previously performed and transformed into the instrument in turn transformed piecemeal into a new product or labor-service. The labor that went into the making of the plow changes bit by bit into a corresponding part of the crop or tilling service.

Hence, any stage or kind of labor that involves the use of any instrument, raw material or ancillary of production representing past labor will contain a **present labor** equivalent (measured in terms of the quantity of useful labor currently performed during the production process) as well as a **past labor** equivalent (measured in terms of useful labor performed during

a past production process and re-transformed into another product or labor-service during the current production process)

How much labor in the means of production will be transformed into a given amount of product or labor-service will depend on (1) the kind of means of production, as well as on (2) the skill with which the laborer handles these.

Calculations of Types of Past Labor

1) Calculation of Past Labor in the Form of Instrument of Production

In the case of instruments of production, the quantity of labor that changes productively into a given amount of product or labor service will specifically depend on five basic factors:

- (a) the labor performed in the production of the instruments for its initial use;
- (b) the actual length and intensity of the use of the instruments;
- (c) the specific durability of the instrument;
- (d) the character of the natural conditions within the normal range, and
- (e) the additional labor required to maintain it normally.

The first factor here would be

implement, the greater is its tendency to suffer natural degeneration.

In addition, what is essential in the production of means of production is not production for their initial use, alone or as a use-value on the onset of production, but also for its use during its entire lifetime, as a use-value during its entire lifespan. Therefore, part of the labor in its production of an instrument is the labor to maintain it — in particular, cleaning, oiling, sharpening, repairing and other forms of labor necessary to renew the instrument as a means of production.

This labor, as with the labor in the actual use of the means of production, partially or largely negates the natural wear and tear of the instrument.

When laborers perform a certain minimum quality and quantity of maintenance work to renew the means of production, given other normal conditions (normal use of means of production, normal natural conditions) they make the instruments function for a minimum work period, or produce a minimum labor-service.

For instance, when a plow is immediately repaired when the first signs of damage occur in the course of its normal use, when it is kept in a suitable place of storage; when it is cleaned after each period of use etc., it is expected to be used to a minimum, of say, 1,000 working-days.

Given normal conditions in

these three aspects (use, maintenance, natural environment), whatever remaining wear and tear brought about by the elements does not deduct from or use up the labor performed in the production of the instrument for its initial use.

Now, the peasant household may itself create any part if not the whole of the instrument or the labor-service involved in its production of the instrument or obtain this through barter, or with the use of money.

Non-purchased instruments of production — Where the peasant household itself produced and maintained all or any part of the means of production, then that labor represented by a corresponding portion of the means of production is equivalent to and measured by the individual labor performed by the peasant household in the making and care of the means of production.

For example, if the peasant household performed five hours of past labor in the making of the plow, that plow represents five hours of present labor. If the peasant household itself using the plow made the means of the production of that plow such as the wood, metal and the carving tools, then whatever labor represented in these tools and materials used up productively to make the plow corresponds to the past labor equivalent of the plow.

If the aggregate of the means of production of the plow — say, 2 labor-hours equivalent of wood, 1/4

labor-hour equivalent of metal, and 1/4 labor-hour equivalent of cutting tools — amounts to 2-1/2 labor-hours, then the past labor represented in the plow total 2-1/2 labor-hours.

Granting that the peasant household performed all present and past labor in the production of the plow (in other words, it made the plow, gathered the wood, and iron ore, smelted the metal, forged the tools, etc.), then the labor represented by the plow is equivalent to the aggregated individual present and past labor performed by the household in the production of the plow — is the case, 7-1/2 labor-hours.

Therefore, in that case, whatever labor represented by the means of production is used up depending on the other factors (2 to 5) will thereby be based on the aggregate of the individual labor performed by the peasant household itself to make the plow.

The length and intensity of the normal use of the implement (factor 2) for its entire lifetime can only be definitely ascertained at the end of that lifespan. That is likewise true for the specific durability of the instrument (factor 3) which will similarly be manifested in the lifespan of the plow, given certain levels of intensity in its use.

As such, before the plow wears out, its duration can only be estimated in comparison with other cases of past consumption of such implements approximating the natural conditions, the length and

intensity of use and the specific durability of the product. Plows used in similarly heavy or light soils, as deeply or as intensively with the same plowing speed and possessing an identical quality of workmanship and materials can be expected to have a similar working lifespan.

Based on this assessment, without the benefit of the completion of the plow's lifetime, it could be reasonably estimated that a plow would last, say, 1,200 working-days given the usual or typical level of intensity of use, natural conditions, and quality of maintenance.

Thus, if the labor involved in the production of the instrument for its initial use (factor one) is $7\frac{1}{2}$ labor-days or 60 labor-hours, an eight-hour use of the plow under typical conditions would transform into the crop the following amount of past labor in the plow:

$$\begin{aligned}
 W &= \text{estimated working lifespan} \\
 &\quad (1,200 \text{ labor-days}) \\
 T &= \text{time-duration of normal use} \\
 &\quad (8 \text{ hours}) \\
 L &= \text{labor involved in the} \\
 &\quad \text{production of the plow for} \\
 &\quad \text{its initial use or factor one} \\
 &\quad (60 \text{ labor-hours}) \\
 X &= \text{labor represented in plow} \\
 &\quad \text{and transformed into crop} \\
 &\quad \text{or farming-service during} \\
 &\quad \text{certain time-duration of} \\
 &\quad \text{normal use (T)} \\
 X &= \frac{TL}{W} \\
 &= \frac{60 \times 1,200 \text{ days of use}}{1,200 \text{ days of use}}
 \end{aligned}$$

$$\begin{aligned}
 &= \frac{1 \text{ day of use (3,600 labor mins.)}}{1,200 \text{ days of use}} \\
 &= \frac{3,600 \text{ labor-minutes}}{1,200} \\
 &= 3 \text{ labor-minutes}
 \end{aligned}$$

Such a calculation assumes that the additional maintenance labor performed falls within the normal range, and that the production unit, in this case, the peasant household that will use the plow is also the one that produced it.

This is not the only labor represented by the means of production that is transformed into the product. Maintenance labor also adds to the entire spectrum of labor represented in the means of production and transformed into product or service.

We assume in line with our example that the peasant household performs all the maintenance labor required and makes all the tools and materials for this labor. In that case, as in all others where the peasant household performs the labor, the individual labor of the peasant household initiates maintenance of the plow corresponds to the maintenance represented in the implement. Grant for instance, that during the entire lifetime of the implement, the peasant household in its individual capacity performed 2 labor-days of repair, 1 labor-day of cleaning and 1 labor-day of oiling, totalling 4 days of maintenance labor.

Since the repair and sometimes the cleaning is ordinarily done irre-

gularly, we must estimate the effects of this labor on the means of production and eventually on the product over the entire lifespan of the instrument. First of all, such maintenance labor is performed during periods of the use of the implement as well as during idle seasons. The level of use and non-use of the implement affects the quality and quantity of the maintenance labor itself. During periods of its heavy use, the iron or steel parts of the plow do not have to be oiled much inasmuch as the actual plowing largely prevents rusting although the wear and tear of the plow due to intensive use may require frequent periods of repair and cleansing. On the other hand, the periods of idleness may cause the opposite: there is much need for oiling and little need for repair and cleaning. This further adds to the unevenness of the maintenance labor required throughout the plow's lifetime.

At any rate though the maintenance labor is performed throughout the lifetime of the plow, during periods of idleness and use, the maintenance labor thus represented in the plow transforms into the product only during its actual use.

In the same manner as the production of the implement for initial use, we cannot definitely ascertain the actual working and non-working lifetime of the plow until its death. Again, we will have to estimate this on the basis of assessing the trends regarding the levels of use and non-use of the instrument.

Assuming that the working lifetime of the plow is reckoned to be 1,200 days.

Thus the maintenance labor transformed into the product can be calculated as follows:

$$\begin{aligned}
 M &= \text{aggregate individual labor} \\
 &\quad \text{involved in the maintenance} \\
 &\quad \text{of the implement through-} \\
 &\quad \text{out its lifetime (4 labor-} \\
 &\quad \text{days).} \\
 T &= \text{actual duration of use (8} \\
 &\quad \text{hours or 1 day)} \\
 W &= \text{estimated working lifespan} \\
 &\quad (1,200 \text{ working days)} \\
 Y &= \text{maintenance labor repre-} \\
 &\quad \text{sented in the implement} \\
 &\quad \text{and transformed into pro-} \\
 &\quad \text{duct or service during dura-} \\
 &\quad \text{tion T} \\
 Y &= \frac{MT}{W} \\
 &= \frac{4 \text{ labor-days (1 day)}}{1,200 \text{ days}} \\
 &= \frac{4 \text{ labor-days (28,800 seconds)}}{1,200 \text{ days}} \\
 &= \frac{28,800 \text{ labor-seconds}}{300} \\
 &= 96 \text{ labor seconds or 1 labor-} \\
 &\quad \text{minute, 36 labor-seconds}
 \end{aligned}$$

The maintenance labor transformed into the product amounts to 1 labor minute and 36 labor-seconds per day of present labor. Adding this to the original labor performed in the production of the instrument for initial use (factor one), we arrive at the total labor represented in that part of the implement transformed into product

in the course of one day's use of the instrument: 4 labor-minutes, 36 labor-seconds.

Bartered instruments of production — Let us now turn our attention to the situation wherein the whole or any part of the instruments of production or the labor-services required to maintain them are obtained through barter by the production unit — in this case, the peasant household — that is to utilize the bartered instrument in production. Assume now that, 5 cavan of rice are bartered for one plow, 1/2 cavan for the wood material of the plow, 1/8 cavan for the metal binder, and 2 cavan for the cutting instruments.

The labor represented in the bartered plow ready for initial use (factor one) is measured by the individual labor of the particular labor unit — household, workshop or factory — that produced it, say, at 5 labor-days. It is not measured by the labor performed by the peasant household in producing the 5 cavan of rice for which the plow was bartered.

The same with bartered repair-services. The amount of labor represented in these services will not be determined by the amount of labor performed in the production of say, the 1/2 cavan of rice exchanged for it. It can only be measured by the amount of repair labor performed by the repair-service unit that bartered off the service.

And so with the parts or materials bartered for by the production

unit that is to make or restore a plow for its own use. The amount of labor represented by the wood material for the plow is not measured by the amount of labor performed in the making of the 1/2 cavan of rice bartered for it. It is measured by the amount of labor performed by the production unit concerned in making that particular wood material. And so on and so forth.

The individual production process in which these bartered means of production bartered for are used, alongside the specific durability of these means of production determines the rate of which the amounts of labor represented in these means of production for initial use (factor one) and maintenance labor (factor five) transforms into the product during each production period.

Purchased instruments of production — Let us now proceed to the case of purchase of the implement or any part of it, or of any labor-service connected with its production or maintenance. Here, as in any transaction involving money, the commodity represents not its individual labor but its value — the average socially necessary labor for a given amount of product or labor-service of the same kind.

When a labor-service such as the repair of the implement is bought, the value of that labor-service is not the individual past and present labor performed by the individual repair-labor unit — household, workshop or factory. It refers to the social average labor represented

by such a labor-service.

In the event that the plow is bought, L (the labor involved in its production for initial use) refers not to the individual labor of the production unit in the making of the plow, but to the social average labor involved in making a plow of such a kind.

The individual labor in the production of certain plow for instance may amount to 60 labor-hours or 50 labor-hours. But if on the social average, the production of the plow of such make amounts to 55 labor-hours, then the value contained in the plow equals 55 labor-hours, not 50 to 60.

The hired individual repair labor-service of the production unit could amount to 2 labor-days during the entire lifetime of the plow. But if the average socially necessary labor for such a quantity and quality of labor-service is equivalent to 1 1/2 labor-days, then the value contained in that labor-service is 1 1/2 labor-days not 2 labor-days.

Therefore, whatever labor represented in the plow or its maintenance that will be transformed into the agricultural product or farming labor-service will not be the individual labor performed by the production unit that produced or repaired the plow, but the average socially necessary labor for the making and repair of such a kind of plow.

Thus, using the above example (with W and T unchanged):

$$\begin{aligned} W &= \text{estimated working lifespan (1,200 hours)} \\ T &= \text{time-duration of normal use (1 day or 8 hours)} \\ L &= \text{average socially necessary labor involved in the production of the plow for initial use (55 labor-hours)} \\ X &= \text{labor-represented in plow and transformed into product or labor-service during } T \\ X &= \frac{TL}{W} \\ &= \frac{1 \text{ day (55 labor-hours)}}{1,200 \text{ labor days}} \\ &= \frac{3,300 \text{ labor-minutes}}{1,200} \\ &= 2.75 \text{ labor-minutes or } 2 \text{ labor-minutes, } 45 \text{ labor-seconds} \end{aligned}$$

In the case of the repair labor-service bought, the individual labor performed to produce it amounted to 2 labor-days but the value equalled 1 1/2 labor-days. Thus, the labor represented by such a labor-service and transformed into the crop in the course of one day's use of the plow is as follows:

$$\begin{aligned} W &= \text{estimated working lifespan (1,200 days)} \\ M_R &= \text{repair labor throughout lifetime of plow (1-1/2 labor-day)} \\ T &= \text{actual duration of use (1 day)} \end{aligned}$$

Y_R = repair labor transformed into crop during one day's use of plow

$$Y_R = \frac{M_R T}{W}$$

$$= \frac{1\frac{1}{2} \text{ labor-days (28,800 sec.)}}{1,200 \text{ days}}$$

$$= \frac{43,200 \text{ seconds}}{1,200}$$

$$= 36 \text{ labor-seconds}$$

Where these instruments being used up in production are to be replaced as they were obtained -- by purchase -- then the average socially necessary labor or value contained in the part used up and transformed into the product will continue to take the form of value in order to renew itself. That part of the average socially necessary labor transferred to the product has still to be expressed as average socially necessary labor. Therefore, how much rice product this average socially necessary labor will be transformed into will not be determined by the individual rice production process of that individual production unit -- but by the average social production of that kind of product with which the means of production is replaced, in this case, rice, as well as by the average social production of the means of production to be replaced.

The individual production process itself will only dictate how much means of production will be used up during production. However, how much rice product that certain amount of means of produc-

tion bought and used up during production was transformed into and will be exchanged for will not be determined by whether in the individual production process, 50 days of labor both present and past (including average socially necessary labor in the form of means bought) will produce 50 cavan of rice. That will not be determined by the individual production process. Rather, that will be measured by how much of the kind of product -- rice -- and how much of the kind of means of production to be replaced through exchange is on the social average produced by a given amount of labor past and present.

Take the above case, where 2.75 labor-minutes of plow was consumed or used during one working-day. It is no consequence to how much product this amount of labor produced whether the individual production process this using up of the plow belonged to produced, say, 50 cavan of rice from 50 labor-days. What is important in obtaining an answer to that question is how much rice product on the social average is produced by 2.75 labor-minutes. If on the social average, 40 labor-days produce 50 cavan of rice, or 1 labor-day produces 1-1/4 cavan of rice, then the amount of rice commodity that the particular amount of plow bought and used representing 2.75 labor-minutes is transformed into can be calculated as follows:

X = labor represented in the plow and transformed into product or labor service during production (2.75

labor-minutes).

G = total amount of particular commodity in society
 H = total past and present labor performed to produce G
 z = average social productivity in the production of the commodity $\frac{G}{H}$

Given that as assumed above, for the rice commodity,

z = 1-1/4 cavan/labor-day
 Q = product-equivalent of the means of production used up transformed into product and replaced by selling product-equivalent.
 $Q = zX$
 $= (1-1/4 \text{ cavan/labor-day}) (2.75 \text{ labor-minutes})$
 $= (1-1/4 \text{ cavan/labor-day}) (2.75 \text{ labor-minutes}) (1 \text{ day/480 minutes})$
 $= 0.00715 \text{ cavan or roughly } 0.357 \text{ kilos (assuming 1 cavan is equivalent to 50 kilos)}$

The above calculation shows that 2.75 labor-minutes of plow was transformed into .357 kilos of rice-commodity during one day of its use.

The same pattern applies for labor-services, such as repair, bought with a portion of the commodity product, such as rice. The product-equivalent of the labor represented by the labor-service will be determined by the average social productivity of the production of the rice commodity, the sale of part of which will be used to replace labor-services bought during production.

2) Calculation of Past Labor in the Form of Seeds and Other Materials

Transformation of past labor in the form of seeds into product -- Now, let us turn to the seeds. Seeds serve as a sort of raw materials retained during the production period while metamorphosing into a mature plant. Depending on the tillage of the soil, the actual planting, the irrigation and drainage of the land, the application of fertilizers, the protection against pests, the weeding, harvesting and threshing, winnowing and drying, a certain number of seedlings die, while a certain number grow to maturity, a certain number of plants die while a certain number flower and bear fruits equivalent to a certain number of grains; a certain number of grains are consumed by pests and a certain number survive; a certain number of grains fall to the ground in the course of reaping and threshing; and a certain number fall in the hands of the peasants.

The outcome of such a process would depend first of all on the nature of the previous cycle of production leading to the variety or breed of the rice plant or grain. Secondly, the harvest would further hinge upon how labor at each succeeding stage of the production process would be able to preserve and at the same time develop the quality and quantity of the seed and its subsequent life-form in each corresponding stage of production.

In other words, the first factor -- the quality and quantity of the previous production process

culminating in the seed grain would determine the **potential** size of the harvest.

The second — the nature of the current production process — would dictate **how much of the potential is realized** and translated into the actual.

For instance, a certain seed grain sprung off from hundreds and even thousands of continual production cycles could yield up to, say 120 cavans of produce per seed cavan planted, given a certain minimum quantity and quality of labor. Yet, whether or not 120 cavans will actually be produced can depend only on the **actual** production process.

The seed grains as they originate from a previous labor process represent a definite quantity of labor even before they are planted. This past labor in the form of seeds is measured by the nature, not of the production process they will enter as raw material, but from the production process whence they came.

In particular, the labor equivalent of the seeds can be measured by in terms of the productivity of the labor in the production process. This refers to the relationship between the amount of labor past and present — and the amount of product or labor-service resulting from such a labor.

The rice production, for instance, from which the seed grain originated involved a range of forms of present labor from the prelimi-

nary tilling of the soil to the threshing of the crop. Let us say that such labor in a certain hectare of riceland amounted to 50 labor-days. Now, assumed that the past labor — comprised of the seeds, plows, draft animals, harrows, sickles, irrigation canals — used up in the rice production totalled 20 labor-days. Of these, let's assume that the 3 sacks of seed grain used for his production is equivalent to 5 labor-days or 1-1/3 labor-day per cavan.

Therefore, the entire labor — past and present — in such a production comes around to 70 labor-days. Let us likewise assume that for that hectare, 70 cavans of rice were harvested. This means that 70 labor-days — 50 days of present labor and 20 days of past — produced 70 cavans, or one cavan per day.

The seed input — the 3 cavans representing 5 labor-days — was transformed during the production process into a corresponding amount of product. This seed grain which represented 5 labor-days no longer constituted the equivalent of 3 cavans in this new production process. This applied only to the old production process where 5 labor-days correspond to 3 cavans. These 5 labor-days that formerly represented 3 cavans now no longer did represent 3 cavans. What they do represent now as a result of the new production process was 5 cavans, inasmuch as 70 days of past and present labor produced 70 cavans. In that case, 3 cavans of grain transformed into 5 cavans.

Magical though it may appear, what transpires loses its mystique once we realize that the 5 labor-days represented by the 3 cavans from the old production process is merely reproduced or replicated in an identical 5 labor-days now represented however by 5 cavans derived from this new production process. What takes place is not a fantastic enlargement of the seed grain but a **rise in the productivity of the labor** in this new production process as compared to the old, and therefore a growth in the product-equivalent of a given amount of labor.

Now we find ourselves in a situation where we inherit this grain as raw material for the production process that is to ensue. The product-equivalent of the former seed grain from the last production process is 5 cavans. And though this is so, we are not going to enter this into production as 5 cavans of seed grain since we will need only 3 cavans, as in the previous process. But this 3 cavans will not enter the door of the new process in the same way that it did in the old — as 5 labor-days. It will make its appearance on this doorstep of the new process — as 3 labor-days, insofar as it originated from a production yielding 70 cavans from 70 labor-days, or 1 cavan per labor-day.

The measurement of the labor-equivalent of the seed grain on the basis of the individual productivity of the production process from which it was derived holds true both for seed grain coming from a past production process of the same peasant household that is going to

use this seed grain, and for the seed obtained by this household through barter. In both cases, they are measured in terms of the ratio of the labor of the product and in proportion to the amount of seed grain in the individual unit: What differs is that in the former, such will be measured on the basis of the past productivity of a production unit that grew the seed grain, whereas in the latter, it will be calculated on the basis of the past productivity of a production unit that is not going to use it. As a result, in the former there is no need for exchange. Whereas in latter, there is need for exchange, though in the form of barter.

In this next example of a production process wherein the 3 cavans representing 3 labor-days will be used as seed grain, the total labor performed amounts to 60 labor-days (40 present and 20 past) while the produce is 80 cavans. Again, arising from another surge in productivity, we find the same sort of phenomenon we observed earlier: the 3 labor-days represented formerly by 3 cavans of seed is now transformed into 4 cavans of produce. This can also be expressed as follows:

- P = quantity of produce (80 cavans)
- a = amount of past labor (20 labor-days)
- b = amount of present labor (40 labor-days)
- c = labor-equivalent of seed transformed into produce
- s = product-equivalent of labor represented by seed

$$\frac{s}{c} = \frac{P}{a + b}$$

$$s = \frac{Pc}{a + b}$$

$$= \frac{80 \text{ cavan (3 labor-days)}}{60 \text{ labor-days}}$$

$$= 4 \text{ cavans}$$

Using the same example, as calculated in the above equation, let us assume that the 3 cavans of seed were bought and that these represented $4\frac{1}{2}$ days of average socially necessary labor. The amount of labor representing the seed and the amount of produce this changes into will not depend firstly on the individual production of the seed producers that, say, produced 1 sack or $1\frac{1}{3}$ sacks per labor-day. It will depend, first of all, on the average social production that results in 3 cavans per $4\frac{1}{2}$ labor-days. The 3 cavans of seed represent its value — $4\frac{1}{2}$ labor-days. The amount of labor that is represented by the seed and that will transform into the produce is precisely this $4\frac{1}{2}$ labor-days and nothing else.

Let us also assume that the purchase of seeds is an ongoing process and that from the ensuing product, a certain part will be allotted to buy seeds anew in order that another production cycle may be undertaken afresh.

Secondly, the amount of produce equivalent to this $4\frac{1}{2}$ labor-days originally represented by the seed will now be determined

not by this current individual production process but by the average social process in the production of the seed grain commodity at the time a certain part of the produce is sold to buy seed anew. In other words, the value contained in the seeds will be transferred to the rice product. How much is this value transferred in terms of this new product?

If the seed grain commodity which was bought at its old value of $4\frac{1}{2}$ labor-days per 3 cavans (or 900 pesos at 200 pesos per labor-day) continues to be produced at the same social average, then it can be said that the seed grain transformed into a product-equivalent equal to itself. Thus 3 cavans will have to be sold at $4\frac{1}{2}$ labor-days (P900) to buy another 3 cavans of seed grain and start the production process at the same level as before.

Moral appreciation and depreciation — However, the average socially necessary labor to produce the seeds or instruments to be used during the time these were bought may fall (for example, to 1 labor-day per cavan) or rise (to say 2 labor-days per cavan) by the end of the production season and by the time a new batch of seeds are bought for the next production period. When the value falls, the seed commodity experiences what Marx called a moral depreciation. When the value rises, it undergoes what may be called a moral appreciation.

In the first eventuality, the value represented by the 3 cavans of seed grain transfers into a pro-

duct-equivalent embodying 2 cavans. Whereas in the second, the value represented by the 3 cavans of seed grain transfers into a product-equivalent embodying 4 cavans.

This two opposite trends reflect transformations not in the individual productivity of the individual production process of the individual production unit but in the average social productivity — the former in its rise, and the latter in its decline.

3) Regeneration of the Means of Production

Transformation of product into means of production for renewed production — Such a reproduction of the production process can take place insofar as the useful labor in the normal use and maintenance of the means of production transforms into portions of products or labor-services. That part of the product, or the compensation to the labor-service corresponding to the means of production used up may be used to either buy or barter for the tools, draft animals and seeds that need to be replaced. Granting that all factors including the social productivity in the production of the rice commodity fall in line with our previous example of one day's use of the plow transforming 2.75 labor-minutes of plow into .357 kilo of rice commodity, 100 days' use of the plow will transform 275 labor-minutes of the plow into 35.7 kilos of rice commodity. These 35.7 kilos may then be sold to buy parts of the plow, or tools and materials required to clean, re-

pair and oil, or some repair services needed to restore it.

As in the foregoing examples, the 4 cavans product-equivalent of the labor originally represented by the seeds may be returned to the next production process as a new batch of seeds. Or else, the 3 cavans product-equivalent of the value contained in the seeds planted may be sold to buy a new set of seeds for the next production cycle.

These means of production transformed into product takes care of their own reproduction. That part of the product-equivalent to the means of production used productively can now be returned to production as means of production. Thus, they regenerate themselves.

Wastage and normal maintenance of the means of production—

On the other hand, this does not happen in the event of unnecessary breakdown, damage or deterioration of the means of production caused by the subnormal quality in their use and maintenance. Though consumed, the part of the implements and materials unnecessarily destroyed is not consumed productively. It does not become of use to production. Though performed, its equivalent in labor is not transformed into any part of the product, or any part of the labor-service. It does not go into the making of the product or labor-service.

Instead, that part of the means of production and its equivalent is unnecessarily lost to the natural environment. It is simply wasted.

services

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roduction takes care ion. That ivalent to used pro- turned to roduction. mselves.

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the mean- quivalent is natural en- tasted.

Take the case of a metal plow allowed —— advertently or inadvertently —— to rust for a period of one year. Had a normal regimen of maintenance been practiced, this would not have occurred. However, the plow is in a condition that it still could be used if it were cleaned. Say that 1/2 labor-day is thus spent to make it clean. And yet, in spite of this, the rust had by then eaten up the plow such that the lifespan of the estimated to have been the average 10 years were this cared for normally is not calculated to last for only 3 more labor-days after having been used for 2 years. If the plow represented 5 labor-days it can be said immediately that 2-1/2 labor-days were lost and unnecessarily wasted.

When the care of the seeds and their subsequent lifeforms falls below normal levels, the seeds as well as the seedlings and mature plants they grow into fail to survive or develop to normal levels. If the land is not cultivated enough so as to even out the ground the seeds are either drowned, or are easy picking for the birds. If the seeds are not planted in time, either the rats or the rains devastate the crop. If the water level in the paddies is too high or too low, the seedlings wilt, are flooded to death or are overwhelmed by weeds. If the paddies are not weeded enough, the crop is choked to death. If the crop is not harvested and threshed promptly enough and properly, the unhusked grain is drenched or thrown away in too big a number.

When the unhusked grain is not dried quickly and sufficiently, the grain begins to bear sprouts, or to

decay.

This normal necessary maintenance of the rice product also extends to the period of storage after production proper. If the grain is not kept adequately, it is either gobbled up by pests, or attacked by molds and fungus.

However, in the reproduction of the production process, these means of production, however consumed productively or unproductively, must be replaced nonetheless. The plows, harrows, sickles, hoes of the crop growers as well as the fishing vessels, nets, hooks and sails of the fishermen must be replaced whatever the mode of their deterioration.

4) Calculation of Past Labor in the Form of Work Animals and Animal Shelters.

Past labor in the breeding and care of work animals — In the case of work animals, the labor that will be transformed into the product or labor-service will depend on the particular breeding labor in the production of an offspring (relative to the number of offspring), the extra labor in the care of the pregnant mother animal, the particular labor in the raising of the offspring to maturity or working age, the labor in feeding the work animal during particular period of working time when the animal is being utilized and the duration of the life of the animal and its productive use.

Take the example of an ox: the breeding labor (involving the bringing of the bull to the mare

and the use both of the bull and the mare and the feeding during that period) let us assume it takes one-labor-day. Say that: the extra feeds or forage for the pregnant mother cow during the entire period of gestation involves 2 labor-days. (The more the entire offspring per birth, the less the labor per offspring). Then, assume that the mother cow gives birth to a calf, which was raised for a period of two years — the age upon which it may begin to be used as a draft animal. Assume that during this period, the labor involved in the care of the animal equalled 50 labor-days. This would include the labor in bringing the ox to pasture and back, cutting hay, the collection of water, etc. but would exclude the actual guarding which adds nothing to the consumption of the animal but merely preserves the animal as a possession of the peasant household if this guarding protects the ox not from natural predators but from cattle rustlers. This labor per animal would be smaller in proportion to the number of animals serviced by a particular amount of labor. Assume for the purposes of estimation, that the average working lifespan of the particular type of animal is 15 years (minus the years of rearing and the years of senility) Assume likewise that each day, the labor involved in feeding the animal amounts to 1/2 labor-hour.

The calculation of the labor performed during the production of the working animal and transformed into another product of the labor-service is as follows: Given that the offspring of the animal

which gave birth is only one, the labor performed for the production itself of the offspring is 3 labor-days for that offspring, and for its care, 50 labor-days — or a total of 53 labor-days for its production into a work-animal or ready for work.

Given its working lifespan of 15 years or 5,475 days, every actual or potential working day of the ox would use up 53 labor-days/5,475 days — equivalent to 1/103 labor-day or 35 labor-minutes of the breeding and rearing labor previously expended during the period of its conception, gestation and immaturity, and maturity.

For each day that the animal is utilized in work, an amount of feeding labor necessary to sustain the animal daily that we have assumed to be 1/2 labour-hour per day is added to the rearing and breeding labor transformed during the use of the animal into a farming product or labor-service.

Past labor in the building and maintenance of animal shelters — Moreover, the labor performed in the building and maintenance (repair and cleaning) of facilities that provide protection to the animals against predators and the elements and that is transformed into the product (the ox) or labor-service (using the ox for plowing) is another component of the labor performed to produce and maintain the ox.

This labor can be calculated as follows:

Assume for instance that the facilities that shelter the ox are a shed and a corral. Say the materials used to build this include the wood cut, gathered and transported, representing 10 labor-days, and the nails representing 1 labor-hour. Assume also that the carpentry tools used up in the making of the shed and corral amounts to 1 labor-day. Let us say in addition that the present labor performed in the production of these facilities equalled 30 labor-days.

Assume likewise the structures will last for 10 years, but

- a = present labor in the production of shed and corral (30 labor-days)
- b = past labor in the form of such materials as wood and nails (10, labor-days, 1 labor-hour)
- c = past labor in the form of tools used up in the performance of a labor-day
- d = total repair labor past and present (10 labor-days)
- e = total cleaning labor during 10 years (5 labor-days)
- T = total lifespan of structures (10 years or 3,650 days)
- F = total past and present labor in the production and maintenance of the structures
- Y = number of oxen sheltered by these structures (10)
- x = amount of labor represented in F that is transformed daily into the production and maintenance of each ox.

$$F = a + b + c + d + e$$

$$= 56 \text{ labor-days, 1 labor-hour}$$

$$x = \frac{F}{T_Y}$$

$$= \frac{56 \text{ labor-days, 1 labor-hour}}{3,650 \text{ days (10)}}$$

$$= 56 \frac{1}{8} \text{ day (28,000 seconds)} \\ 3650 \text{ days (10) (1 day)}$$

during this period, average required repairs involving past and present labor amount to 10 labor-days and the cleaning labor including the collection of the cleaning water amount to 5 labor-days on the average.

Thus, laborers either already performed or required on the average a total of 56 labor-days and 1 labor-hour to build and maintain these structures throughout the 10 years.

If 10 oxen enjoy the use of these facilities, the amount of labor presented by these structures and transferred to each ox per day is as follows:

$$= 44.3 \text{ labor-seconds}$$

The overall labor represented in the use of the cow or in its productive consumption per day would be:

- x = amount of past labor in the form of shelter that is daily transformed into the ox (44.3 labor-seconds)
- m = amount of labor performed in the breeding of the ox (1 labor-days)
- n = amount of labor to rear the ox to maturity (50 labor-days)
- o = amount of labor represented by the extra feeding of the present mother cow (2 labor-days)
- s = working lifespan of the ox (15 years)
- r = the amount of labor represented by the daily feeding of the ox to sustain it as work animal (30 labor-minutes)
- P = the amount of labor represented in the ox and transformed into product or labor-service per day of use of the ox.

$$P = \frac{m + n + n}{s} + r + x$$

$$= \frac{50 + 2 + 1 \text{ labor-day}}{15 \text{ years}} + 30 \text{ labor-minutes} + 40 \text{ labor-seconds}$$

$$= 35 \text{ labor-minutes} + 30 \text{ labor-minutes} + 44 \text{ labor seconds}$$

$$= 65 \text{ labor-minutes, 44 labor-seconds}$$

In that manner and proportion the labor required to produce and maintain a work animal transforms into product and labor-service in its use as work animal.

Review of Calculation of Past Labor Categorized According to Mode of Reproduction: Self-Made, Bartered, Purchased. We have seen in the preceding discussion that the production process involves a combination of past and present labor. Of the past labor, it can be divided into two subcategories based on the

mode of consumption of the means:

- instruments (including tools and work animals); and
- materials such as seeds.

On the other hand, we saw that the past labor can also be subdivided according to the mode of reproduction:

- that produced by the production

tion unit itself using it;

- that replaced by barter; and
- that replaced by purchase.

Self-produced and bartered means of production are identical in the sense that (1) the individual production process from which these means of production originate determines the labor represented in the means of production ready for initial use, and (2) in that the individual labor process this time wherein the means of production is used also determines the product-equivalent of the labor represented in the means of production and transformed into the product during the production.

When the means of production is replaced by purchase, the social productivity in the production of the means determines the labor represented in that means. Moreover, the social productivity in the production of the commodity for which these means was used dictates the product-equivalent of the labor represented in the means of production and transformed into product.

As such, the means of production can be categorized into two basic subdivisions: one, wherein it is replaced through the mechanism of value, and the other, where it is replaced by other means, specifically by barter or by the production unit's own labor.

These two modes of categorization (by mode of consumption and by mode of reproduction)

cut across each other. Included in the first subdivision are bought tools, equipment, machinery, equipment-maintenance services, seeds, works animals, facilities, breeding services, etc. purchased or rented with money.

Included in the second subdivisions are those means of production as those mentioned above bartered for or rented by the production unit with its own produce, or those products and labor-services produced by the production unit using these.

This first division let us term M_1 and the second M_2 . To each division corresponds a certain amount of labor. For M_1 let us term it X_1 and for M_2 let us term this X_2 .

In a certain production process (R) that produces P, X_1 corresponds to a certain amount of labor transformed into a certain amount of produce, say A_1 , while X_2 is transformed into another certain quantity of produce A_2 .

As shown earlier, A_1 and A_2 will serve to reproduce the means of production used up during production.

In addition, the production process (R) involves a certain amount of present labor Y_1 that is transformed into a certain amount of produce, B. From this B is taken, on one hand, unpaid labor and on the other, paid labor.

Part of the product-equivalent

of the present labor, B, is eventually sold and assumes the character of value. Let us refer to this part as B_1 . The part of the unpaid labor that takes the form of value may include money rent, interest money payments, and money payments for overpricing, underpricing and gambling. Representing part of the paid labor that takes form of value is the laborer's share that is sold to buy their means of sustenance (minus the overprice) of commodities bought.

For purposes of comparison, let us consider a production process wherein the production unit produces all the means of production (M_1) and all the unpaid product and paid product is directly consumed without passing through the process of purchase and sale.

Let us assume that 80 labor-days (including the value represented in the means of production used up) is performed to produce 100 cavans of rice. Of this, say 20 labor-days made up the past labor and 60 the present labor. The process is characterized by an individual productivity of 100 cavans/80 labor-days or 1.25 cavans/labor-day.

Let us now take the example of a production process wherein 10 labor-days worth of means of production purchased (M_1) was used up, and 10 labor-days of means of production either produced by the production unit or acquired by barter (M_2) was consumed. Assume also that the social productivity of the rice commodity is 1 cavan (= P 100 at P200/labor-day) per labor-

day. Also consider that P10,000 worth of this rice was sold. As with the previous example, the process involved 60 days of present labor.

The 10 labor-days of means of production bought used up (X_1) corresponds to the value of the means transferred to the product (A_1). Its equivalent in produce is measured by the average social productivity in producing the rice commodity. Since rice production on the social average requires 1 labor day per cavan, the product-equivalent of such means of production used up is 10 cavans equivalent to P2,000. This part of the product will be sold so that the process of production may enter a new cycle.

Let us then proceed to the other part of the product sold. Since a total of P10,000 worth of rice is sold including P2,000 worth to replace the means of production, the remaining P8,000 worth of rice sold can only come from that part of the product into which the present labor was transformed — (B). This part of B that is sold or that takes the form of value amounts to 40 cavans (B_1).

Though the product consists of parts converted into commodities and parts retained for direct consumption, the individual labor of the particular production process produces both parts (except for means of production in the form of value) at uniform levels of individual productivity.

The individual labor producing the commodity portion creates its product-equivalent at the same ratio as the overall past labor (except for means of production bought) and the entire present labor creates their respective product-equivalent.

- P = amount of product
 X_2 = labor in means of production not purchased that is transformed into product.
 Y_1 = present labor performed to produce part of product sold or taking the form of value.
 Y_2 = present labor performed to produce part of product not sold or taking the form of value.
 A_1 = product-equivalent of value of purchased means of production used up.
 B_1 = product equivalent of Y_1

$$\frac{B_1}{P - A_1} = \frac{Y_1}{X_2 + Y_1 + Y_2}$$

$$P - A_1 = X_2 + Y_1 + Y_2$$

$$Y_1 = \frac{B_1 (X_2 + Y_1 + Y_2)}{P - A_1}$$

$$= \frac{40 \text{ cavans (10 + 60 labor-days)}}{100 - 10 \text{ cavans}}$$

$$= \frac{2,800 \text{ labor-days}}{90}$$

$$= \text{roughly } 31 \text{ labor-days}$$

Since the individual present labor corresponding to the product sold (Y_1) amounts to 31 labor-days, and assuming the entire individual present labor to be 60 labor-days, the individual present labor corresponding to the part not sold is 29 labor-days.

$$Y_2 = Y - Y_1$$

$$= 60 - 31 \text{ labor-days}$$

$$= 29 \text{ labor-days}$$

Since the individual labor is uniformly productive in its various components,

$$\frac{Y_1}{B_1} = \frac{Y_2}{B_2}$$

$$B_2 = \frac{B_1 Y_2}{Y_1}$$

$$= \frac{40 \text{ cavans (29 labor-days)}}{31 \text{ labor-days}}$$

$$= \frac{1,160 \text{ cavans}}{31}$$

$$= 37.4 \text{ cavans}$$

So with the past labor reproduced either through barter or production by the production unit itself (X_2).

$$\frac{X_2}{A_1} = \frac{Y_1}{B_1}$$

$$A_2 v = \frac{B_1 X_2}{Y_1}$$

$$= \frac{40 \text{ cavans (10 labor-days)}}{31 \text{ labor-days}}$$

$$= 13 \text{ cavans}$$

This portion of the labor (X_2) is transformed in the same way as Y_2 according to the individual productivity of the particular labor process – 13 cavans /10 labor-days or 1.3 cavans /labor-day.

On the other hand, the present labor is both transformed into value and retained as non-value. It changes into one part of the product that represents average socially necessary labor and into another part of the particular production process. One part of the labor corresponding to 40 days of average socially necessary labor produced the equivalent of 40 cavans and another part corresponding to 29 days of individual labor produced 37.4 cavans.

When a certain product initially unsold and representing the individual labor of the production process is finally sold, that product begins as such to assume the character of a commodity and to embody value. Its individual labor thus changes into average socially necessary labor. It does so according to the ratio between the average social productivity of the particular labor process.

The individual labor's metamorphosis into average socially necessary labor may be calculated as follows:

Y_1 = individual present labor performed in the production of the production of the equivalent of the product sold (except for replacing means of production bought)

P = average social productivity in the production of the commodity
 V = individual productivity in the production process earlier referred to as equal to

$$\frac{P}{X_2} = \frac{A_1}{Y}$$

$Y_1(s)$ = average socially necessary labor represented by product sold or transformed into commodity

$$Y_1(s) = \frac{V_s Y_1}{sv}$$

as in:

$$= \frac{90 \text{ cavan}}{70 \text{ labor-days (31 labor-days)}} \times 1 \text{ cavan/labor-day}$$

$$= 40 \text{ cavan}$$

e. Nature of Feudal Land Rent

Let us now return our discussion on land rent. We ask again: What is common in the different types and forms of medieval land rent? What distinguishes these from

other forms and types of exploitation?

Definite Unpaid Product Appropriated by Feudal Lord

The indefinite nature of unpaid

product in slave exploitation — In his description of slave-master relations in precolonial society in the Philippines, Amado Guerrero points out that the slave gets no definite share of harvest.⁴¹ The slave mode of exploitation whereby an indefinite unpaid product is taken by the master and an indefinite paid product goes to the laborers makes it necessary for the exploiter to control the entire productive labor-power of the actual producer. It is not the formal ownership of the laborers themselves that is essential to the slave mode, since under some arrangements of slavery the slaves cannot be sold or exchanged by the master. It is therefore not their being that is owned by or is the property of the slave-exploiter but their entire capacity to produce. The master in his capacity as proprietor of the entire labor-power of the slave possesses the exclusive right or power to decide how to use that entire labor-power.

In the process of controlling the entire productive labor-power of the slaves, the master must ensure a regular amount of means of subsistence for their as well as for his own existence.

Thus the master is not only the proprietor of the whole capacity of the slaves to work. He is also the possessor of that labor-power.

The fact that the slaves must be regularly supplied with food, clothing and shelter alongside with the fact the current level of productive powers under slavery can allow the laborers to engage in production only irregularly results in the

particularity of the slave mode of exploitation and production.

To the extent that slaves work productively, they create a certain amount of produce or labor-service. While they are working, they need to be sustained. A certain quantity of produce needs to be supplied to them. When and to the extent that what they produce is greater than what they consume in product and labor-service, they create an amount of surplus product or labor-service.

But the prevailing level of the productive powers corresponding to that stage in history dictates that they be productive regularly. When they are idle and not rendering any productive labor or creating any product in the meantime they still must be supplied with means of subsistence in the form of produce even when they are not rendering any productive labor or creating meantime.

If they were to sustain their labor-power, in their capacity as slaves, if they were to go on functioning as slaves they have now to consume whatever portion of the product they rendered earlier that appeared as surplus unpaid product and destined for the exploiter since they did not previously consumed this.

Consider for instance that the labor performed by a slave during a stretch of 3 months amounted to 90 labor-days. Let us call this labor Li. Let us say that during this period, the slave consumed an amount of means of subsistence equivalent

to 50 days of his labor. Let us call this paid necessary labor N_1 . During this period it appears his surplus labor is $90 - 50 \text{ days} = 40 \text{ labor-days}$ ($L_1 - N_1$).

But the master is not only the proprietor of the slave's whole labor-power but its possessor: he is obliged to supply the slave with food, clothing, and shelter even during a period when they are not productive.

As such a certain amount of means of consumption, say N_2 , must be furnished by the slave. During the period of the non-productivity of the slave, the slave consumed 30 labor-days that leaves a surplus of 10 labor-days for the moment ($P_1 - N_1 - N_2 = O$). Or else, if he or she consumes exactly 40 labor-days worth of his means of production, he renders after this no surplus labor at all ($P_1 - N_1 - N_2 = O$). Or he could instead consume an equivalent of his labor more than he produced in the past period — in other words, more than the 40 labor-days surplus by 50 labor-days. In short, the aggregate of what the slave has consumed so far now exceeds the total of what she or he produced so far ($P_1 - N_1 - N_2 = O$). That means the master has had to appropriate for the said slave unpaid labor produced by other slaves.

This never-ending series of net surplus labor produced or consumed extends indefinitely ($P_1 - N_1 - N_2 + P_3 + N_3 + P_4 - N_4 \dots$). Only after the slave herself or himself expires or is sold to another

master can it be definitely said which part of the labor performed by her or him redounded to his or her personal consumption and which part redounded to the personal consumption of others. Only then can it be determined what portion, amount or percentage of the means of consumption he or she personally appropriated was equivalent to his or her own labor, or what portion may have been unpaid by him.

During the slave's lifetime or period of servitude to a certain master, it is impossible as yet to ascertain this. At a certain point in the slave's life as a slave, his tentative net unpaid labor (unpaid labor so far appropriated from him plus his paid labor minus unpaid labor appropriated by him) arises or the net tentative unpaid labor he gets from others (unpaid labor he gets from others plus his paid labor minus unpaid labor appropriated from him) falls, as he engages in production where he produces more than what he consumes.

And this net unpaid labor appropriated from him falls or else, the net unpaid labor appropriated by him rises if he does not work at all, if or he consumes more while working that what he produces. Whatever surplus or unpaid labor rendered now may be wiped out later. Whatever unpaid labor appropriated by the slave from other slaves may be offset later.

As long as the slave lives or until he or she is sold or bartered away to another master, the tenta-

tive net paid or unpaid labor rises or falls according to such a situation. As long as the slave is alive or remains with a particular master, it will never be known for sure. Only with his death or disposal can it be made definite.

In that sense, slave production is characterized by the appropriation of an indefinite or indeterminate paid or unpaid product or labor.

The definite nature of the types of feudal land rent — As we have seen, a common denominator of medieval land rent is that a definite unpaid portion of the product or labor-service, as distinguished from slave-exploitation, is appropriated by the exploiter.

In the first type of feudal rent, **quit-rent**, we find that in the unpaid labor or product extracted here is a certain definite amount of product in the form of actual produce as in 10 cavans of rice per hectare, or in the form of money as in two shillings per acre. The feudal lord is not obliged to return any part of this amount to the peasant households to supply its needs. In the second type, **sharecropping**, the surplus extracted from the producer is a definite percentage or fraction of the product, as in one-half or two-thirds of the crop. In the third type, **corvee labor**, the unpaid labor or product taken from the laborer is in the form of a definite quantity of labor-time, or better still, a definite amount of labor-service as in the farming of a three-hectare piece of land. In no way is it the feudal lord's responsibility, to allot any part of this rent

for the sustenance of the peasants.

In the first type, quit-rent, the unpaid labor extracted as a definite amount of product is definite in the absolute sense. In the second type, sharecropping, the unpaid labor appropriated as a definite percentage of the product is definite in the relative sense. In the third type, labor rent, the surplus that comes into the hands of the rentier as a definite quantity of labor-service is definite firstly in the absolute sense. However, it may be definite also in the relative sense — in that the entire labor of the corvee peasant or the entire portion of the produce corresponding to this labor is appropriated by the exploiter. As such, a definite percentage — 100 per cent, to be exact — of the product or labor is extracted from the laborers. Therefore, we may regard labor rent as definite both in the absolute and relative sense of the term.

In review, we note three forms of medieval rent extraction:

- (1) unpaid labor that is definite in the absolute sense as in quit-rent;
- (2) unpaid labor that is definite in the relative sense as in partiar rent; and
- (3) unpaid labor that is definite in both the absolute and relative sense, as in labor rent.

Constant Unpaid Product Vis-a-vis Individual Labor Production

However, these forms of medieval land rent are not only characteristically definite. They bear another essential quality: they do not vary according to the productivity of the labor.

By productivity, we refer to basically, how much product or labor-service results from a certain amount of labor — the ratio of product or labor-service to the labor that produces it. This general relationship is manifested in various facts:

1. How much product or labor-service is created from a certain quantity of present as well as past labor;
2. How much is produced by a given amount of present labor;
3. How much involves from a given quantity of past labor;
4. How much equivalent in product or labor-service results from a certain amount of present labor;
5. How much of that equivalent comes about as a result of a combined quantity of past and present labor;
6. How much of that equivalent is produced by a certain amount of past labor; and
7. How much of the equivalent of

past labor this time in product or labor-service is produced by a given amount of both past and present labor.

The unpaid product in quit-rent exploitation — Consider quit-rent. Assume for instance, that the present labor (quantity of labor involved in land preparation, diking, planting, irrigation management, application of fertilizers, pest control, weeding, harvesting, threshing, winnowing, hauling, drying, etc.) totals 100 labor-days. Assume likewise that the past labor (as in the seeds, fertilizers consumed, and in the depreciation of the plows, harrows, sickles, work animals, etc.) amount to 10 labor-days. Consider the harvest to be 120 cavans of rice. In this case, the combined amount of 100 and 10 labor-days — 110 labor-days — produces 120 cavans of rice. Assume the quit-rent to be 20 cavans of rice.

Let us say that the productivity — arising say from a change in methods or tools — varies. For instance, the total labor performed may stand still at 110 labor-days, but the product either falls to 100 cavans or rises to 130 cavans. In this first instance, productivity drops to 10/11 cavan per labor-day. In the second, it climbs to 1 2/11 cavan per labor-day. Or else, the same harvest — 120 days — arises from say, 95 labor-days or say 115 labor-days, in which case productivity goes up to 1 5/19 labor-days or down to 1 23/24 labor-days. Whatever the ratio of product to labor is, the quit-rent of 20 cavans remains the same. The

laborers are obliged to render 20 cavans rent just the same.

This holds true for the other facets of productivity. 110 labor-days may still be performed to produce 120 cavans but 20 labor-days may for instance now constitute the past labor and 90 the present. The ratio of combined past and present labor to the product does not change in this case. However, the ratios of past labor to product and present labor to product do. Instead of 120 cavans from 100 labor-days or 1.1 cavans from a day of present labor, one day of present labor now produces 1 2/9 cavan. On the other hand, instead of 12 cavans of rice from a day of past labor, a day of past labor now results in 6 cavans. Irregardless of such a variation in productivity, the quit-rent of 20 cavans remains constant.

Also consider a situation where 100 labor-days of present labor produce 120 cavans, but a bigger quantity chunk from the 120 cavans has to be allotted to refurbish the means of production used up. So much so that what is left — the product equivalent of the present labor — is smaller. In such an event, the relationship between the present labor and its equivalent in terms of produce varies — the ratio of present labor to its product — equivalent falls. Or it may go to the other way: 100 days of present labor to produce 120 cavans but as a result of improved technology, a lesser mass of means of production as well is used up. In that case, the ratio of present labor to the equivalent in product rises while the ratio

of past labor to the entire product falls. And still the quit-rent of 20 cavans remains constant.

The unpaid product in partiairy-rent exploitation — Consider, too, the case of the partiairy rent. No matter how productive the labor is, the definite percentage of the produce that will go to the rent exploiter remains constant. Where the land rent is one-half of the produce, the rentier will collect half of the output irrespective of the varying productivity. If the peasant is bound to pay half of the crop, then whether the peasant household performs 50, 55, 62, 53 or 75 labor-days to produce 70, 80, 84, 87 or 100 cavans it is bound to pay 35, 40, 42, 43½ or 50 cavans respectively irregardless of how much labor went into its production.

Mathematically, partiairy rent can be expressed as this simple equation:

$$cP = R$$

where c = is the percentage of produce to be collected as rent,

P = is the amount of produce, and
R = is the amount of rent.

The amount of rent produce changes in proportion to the amount of product, but the proportion of rent with respect to the amount of product remains constant in the face of the rise and fall of the product.

The partary rent is also indifferent to changes in the amount of labor that is performed to produce the product, or to produce a given amount of product. This is simply because in the very same way that the partary rent will gobble a certain fraction of the product -- say two-thirds -- it will gobble up the same fraction of the labor performed to produce the product.

Thus, partary rent as expressed in the formula $R = cP$ can be translated into $R = cPl$ where l = amount of labor performed to produce a given amount of product or labor-service (in other words, productivity of labor). This Pl is none other than the amount of labor represented by the product. The productivity of labor will climb or fall to change the amount of labor represented in the product. But this does not change the constant nature of the partary rent: whatever amount of labor in the product resulting from productivity will be appropriated as unpaid labor in the same proportion that an amount of product will be appropriated as unpaid product.

Neither does the rent as constant percentage of the product change with variations in the absolute and relative amounts of present and past labor performed in production, and in the absolute and relative amounts of their equivalent in product.

Whether 50, 55, 57, 67 or 81 or 119 labor-days in plowing, harrowing, planting, weeding, heaping, and threshing were undertaken, or that 14, 17, 23 or 43, labor-days worth of means of production is no consequence to the constancy of the partary rent. So with whether such farm work produced an equivalent of 58, 67, 72, 84 or 90 cavans of rice or whether 13, 22, 28, 37 cavans of rice will replace the means of production used up. Such variation will not detract from the constant nature of partary rent, since partary rent will appropriate invariably that certain fraction from each piece, segment, chunk, component or fragment of the product, whether this corresponds to the equivalent of the past labor and that of the present. It will always encompass that certain share of both the product-equivalent of the present labor and that of the past.

Mathematically, this can be expressed as follows:

$$R = c(A + b)$$

Where A = product-equivalent of past labor, and
 B = product-equivalent of present labor.

In the same manner, partary rent will appropriate invariably a certain fraction of every section, subdivision or portion of the entire labor represented by the product.

$$R = c(x + y)$$

where x = past labor and
 y = amount of present labor

Even when a part of the means of production or consumption is purchased, this does not change the fact that the feudal lord will collect a certain definite percentage of the product. The following equation bears this out:

$$R = c(A_1 + A_2 + B_1 + B_2)$$

Where A_1 = product-equivalent of means of production bought,

A_2 = product-equivalent of means of production not bought,

B_1 = product-equivalent of the present labor sold,

B_2 = product-equivalent of the present labor sold.

Here, as we can see, the partary rent equally slices a certain percentage from each of the four chunks of the product.

The unpaid product in labor-rent or corvee-labor exploitation -- Now we shift to the category of labor rent or corvee labor. Here, the peasant household is supposed to work on the feudal lord's land allotment for free, with the use of its own instruments and for a certain number of days per week, season or year. Since the peasants under these conditions are obliged to work for a definite period, it may appear at first glance that the peasants are rendering to the lords a definite quantity of labor that similar to quit-rent and partary rent is constant irrespective of the productivity of the laborers. This apparent parallelism does not hold true, however, unless the laborers during that given period constantly maintain level of intensity of work. Or, unless the laborer employs the means of production constantly at a certain level of efficiency. On the other hand, such a condition does not occur in real life. The intensity and efficiency of the laborers fluctuate in response to constantly changing physical and psychological conditions.

The more intense and therefore more productive the peasants are in their work, the greater the amount of labor they will give up to the medieval lord imposing corvee labor. The amount of labor (i.e. corvee labor) appropriated by the lord is not constant with respect to the productivity of the laborer.

What, however, is constant in labor rent in the absolute sense, is not

the labor itself measured in terms of labor-time but as Marx pointed out is the labor-service. For instance, the labor-service of farming a certain hectare of land. Whatever the level of the harvest and whatever the skill of the corvee peasants they provide for free the labor-service of farming that piece of land.

Since the feudal lord, sets beforehand the labor-service he demands as land rent, the variances in productivity would mean that for a given amount of labor services such as harvesting one hectare of rice-land, or weeding two acres of wheatland, the laborers perform a varying amount of labor — both past and present (since the peasants possess the tools or animals used).

To harvest, say a hectare of riceland could require, say, 30, 35 or 38 days of present labor. Furthermore, this could productively consume either $\frac{1}{8}$, $\frac{1}{4}$, or $\frac{1}{2}$ day of past labor in the form of certain sickles. Therefore, the combined past and present transformed into each labor-service of harvesting a hectare of riceland could amount to 30- $\frac{1}{8}$, 30- $\frac{1}{4}$, 30- $\frac{1}{2}$, 35- $\frac{1}{8}$, 35- $\frac{1}{4}$, 35- $\frac{1}{2}$, 38- $\frac{1}{8}$, 38- $\frac{1}{4}$, 38- $\frac{1}{2}$ or some other number of labor days. In spite of this and in all these cases the peasants will have to render as land rent to the feudal lord the labor-service of harvesting one hectare of riceland. Irrespective of the productivity of labor and of the means of production, the absolute unpaid portion of the labor-service of the peasant — harvesting one hectare for free — remains constant.

Aside from being constant in the absolute sense, the unpaid labor in the form of corvee labor is also constant in the relative sense. Irrespective of the productivity of the laborers, the feudal lord appropriates unpaid the entire labor-service of product produced in his own land allotment. However large

or small the amount of product that results from a varying amount of both present and past labor the exploiter constantly appropriates the present labor performed and the past labor used up and converted into the product — in its entirety — to the tune of 100 per cent.

Likewise, however efficient or inefficient the laborers are wielding their tools and raw materials of production, however big or small the amount of the means of production that is wasted or consumed unproductively is of no importance to the feudal lord. Despite all these, he will appropriate 100 per cent of whatever labor past and present and product of the peasants in his own farm allotment as labor rent.

Elaboration regarding the constant nature of the unpaid product vis-avis the individual productivity — Before we go to the other types of feudal exploitation, a few things deserve more elaboration. First, the definite and constant nature of the unpaid portion of the labor, product or work in feudal land rent did not mean that the

rents did not change from one production cycle to the next, or in the case of agriculture proper from one cropping season to the other. Indeed, at times feudal lords lowered or raised rents year after year or production period after production period. What we mean by "constant" is not that the level of rent during one time frame is constant compared to rent to be collected in the following season or that collected in the following season or that collected during the past season.

What we refer to is the **constancy of the unpaid portion of the product, labor or work** with respect to the rise or fall of the productivity with which it is made.

That a lord may raise a rent of 15 cavans this year, to 16 next year and still to 18 the year following that does not negate the definite and constant nature of the feudal land rent in relation to the productivity of the labor. This merely shows that from one production cycle to another, a level of land rent definite and constant relative to the productivity of the labor for one period may change into, rise or fall to another level of rent still definite and constant relative to the productivity of the labor during the period it is imposed and collected. That, say, a lord demanded and appropriated as land rent 15 cavans for a certain season does not change the fact that should he demands 18 cavans the following season, he will collect 18 cavans irrespective still of the productivity of the labor during the next season.

Purposely, we avoided the term "fixed" to describe the definite and constant nature of the unpaid labor and product in feudal rent since the term has been used to refer to the condition that medieval rent remains at the same level for a fairly prolonged period of time. In fact, it has been profounded in bourgeois sociology that such a "fixed" character of medieval rents distinguishes the manorial and feudal estate from other forms of social organization.⁴² Such a view though denies the fact that on occasion lords had frequently raised medieval rents under the impetus of rising crop yields from season to season.

The term "fixed" has, on the other hand, been used to describe the fact the rent demanded and collected for a certain production period did not change in response to the size of the harvest during that period. Thus, rents are depicted in this fashion:

They were as a rule fixed; they were nearly all inescapable, and they had to be treated as prior charges. They could not be reduced to suit the harvest or the tenants' personal circumstances or to reflect his preferences for higher or lower consumption. The tenants' need of food and fodder had to be covered by what was left after the obligatory charges had been met.⁴³

This portrayal of medieval rent comes closer to the sense with which we used the term "constant" in the sense that what is described here in the relationship of the rent appropriated to other factors obtaining within the given production

period it is collected, specifically the harvest. But what is described here is not the relationship of the rent to the productivity of the land: the size of harvest being the amount of product for a given area of land. When we use the term "constant" we refer to the relationship of the rent to the "productivity of the labor"; in other words, to the ratio of amount of product or work for each given amount of labor.

The multiplicity interchangeability and common denominator of the types of feudal land rent and rent-produce —

(1) Their multiplicity of the types of feudal land rent.

Secondly, the various types of quit-rent, partiary and corvee did not rule out the other. Often, all three or at least two of these types weighed down together on a single peasant household. In medieval Europe, lords commonly obliged those who paid quit-rent in money or in kind to likewise pay *tithes* (10 per cent of the crop to the Church) and perform seasonal if not regular corvee labor for them. For instance, in Fontmell England 1,130 to 1,135 tenants "owned a small money rent, 3 day-week works and various ploughing and carting services."⁴⁴ In the Philippines during the Spanish colonial period, the state subjected sharecroppers as those in the friar estates to forms of quit-rent such as head taxes *cedula*.

Rents as constant unpaid labor ordinarily took the form of a composite of masses and fragments of definite and constant unpaid labor appropriated from each laboring household. They were usually a composite of different forms of the same type as well as of different types (quit, partiary and corvee) of rent of both the formal and informal kind.

The following passage pictures the multiplicity in form of these rents:

To begin with, nearly all customary holdings in the thirteenth century were burdened with money rent supplemented by other rent-like charges like church scot or various 'pennies' representing some very ancient commutations of still more ancient services. Then there were various 'farms' for additional pieces of land, payments of pennage of pigs, the assignment of animals and the use of the lord's pastures. These were time to time augmented by various 'one-for-all' or 'capital' payments such as heriots from deceased men's property or entry of a villein status such as 'chevages' or 'recognitions' levied on various pretext, as well as marriage fines and, above all, amercements imposed in manorial courts for transgressions of every kind . . . To all these manorials payments we must also add the tithes to the church and occasional royal taxes.⁴⁵

The constancy of the unpaid portion of their labor manifested itself as definite and constant forms both in the absolute sense (as in certain percentages of the product or work of the peasant laborers).

Mathematically, this can be represented by the following:

Constant unpaid labor in the form of rents on a single peasant household:

$$= c_1 + c_2 + c_3 \dots + c_1 P + c_2 P \dots + LS_1 + LS_2 \dots$$

Where c_1 = a mass of quit-rent product of a certain amount corresponding to a specific payment or due

and c_2, c_3 = additional masses of quit-rent product of other amounts corresponding to other specific payments or dues

$c_1 P$ = a mass of product equivalent to a certain percentage (c_1) of the product (P) and to a specific payment or due in the form of partiary rent

$c_2 P, c_3 P$ = additional masses of product equivalent to additional percentages (c_2, c_3) of the product P and corresponding to other specific payments or dues of partiary rent.

LS_1 = a mass of labor-service or work of a certain amount corresponding to a specific obligation or payment

LS_2, LS_3 = additional masses of labor-service in other amounts corresponding to other specific payments dues and obligations.

(2) Unpaid labor as the common denominator of the types of feudal land rent and rent-produce

The common denominator with which we can measure these rents is the unpaid labor represented in each appropriated of product or labor-service. We measure this unpaid labor first of all by the working time involved in the appropriation and secondly by the intensity — the level of exertion, and the skill of the labor performed during this working time. Say, a labor-service of farming 2 hectares involves a working time of 250 labor-days. At the same time, the intensity of the labor performed (either in the level of human energy expended for that given working period, or the skill with which it was undertaken) in the course of the 150 working-days is 1 1/2 times greater than the average. Therefore, the labor represented or performed in the labor-service or work of farming 2 hectares amounts to 225 labor-days (150 labor-days x 1.5). The corvee rentier in this case appropriates 225 labor-days in the form of (2) hectares of farming labor-service of work.

As for rent in kind, whatever amount (as in quit-rent) or percentage (as in partiary rent) of produce rendered as rent is represented by a certain

specific amount of labor. Again, we measure this labor first in terms of its duration of performance, and secondly, in terms of its intensity.

With money rent, whatever amount of money rendered as rent represents a definite and specific amount not of the individual labor of the peasant household but of the average socially necessary labor to produce it. For instance, consider a rent of 4,000 pesos. Assume that the value of a single cavan of rice is say, one day of average socially necessary labor equivalent to 200 pesos and the rice is sold at its value to pay the money rent. Even if 25 labor-days were performed to produce these 20 cavans of rice, the value it contains or the average socially necessary labor it represents is 20 labor-days. Thus, what the feudal lord will appropriate in the money rent is not 25 labor-days but 20 labor-days.

This can also be expressed in the following form: the rent of 20 cavans represents 25 days of individual labor performed by the particular rent-paying household multiplied by whatever factor differentiates the individual labor from the average socially necessary labor to produce the 20 cavans. This factor is equivalent to the ratio of the individual productivity to the social average productivity to produce the product.

$$v = \frac{\text{individual productivity (amount of product/amount of labor, in this case, 4/5 cavan/labor-day)}}{\text{average social productivity (in this case, 1 cavan/labor-day)}}$$

$$s = \text{average social productivity (in this case, 1 cavan/labor-day)}$$

$$z_v = \text{individual labor represented by a certain product}$$

$$z_s = \text{average socially necessary labor represented by a certain product, or the value contained in it}$$

$$\begin{aligned} z_s &= z_v (v/s) \\ &= \frac{25 \text{ labor-days (4/5 cavan/labor-day)}}{1 \text{ cavan/labor-day}} \\ &= 20 \text{ labor-days} \end{aligned}$$

Whenever the feudal lord converts into money or sells a product that he appropriates via labor rent, partiaary rent or quit-rent, the individual unpaid labor in the form of that product in the hands of the lord is likewise converted into an equivalent of the average socially necessary labor according to the above equation $z_s = z_v (v/s)$. For instance, when a feudal lord, in line with the above example, appropriates a rent in kind of 20 cavans representing the individual labor of 25 labor-days but sells this at the value of one cavan per labor-day, he has in his possession not 25 days of unpaid labor but 20 unpaid labor-days in the form of money.

3) Definite and constant nature of unpaid product vis-a-vis individual labor productivity as common quality of types of feudal land rent

The combination of rents imposed on a single peasant household acted as one mass of definite and constant unpaid portion of product and work piled on top of the other, like so many sacks of grain heaped on upon another and bearing down as one yoke upon the back of the peasant household. In other words, many separate portions of constant unpaid labor extraction in the same way that fruits, vegetables, rice or fish placed together make up one mass of food.

What determines the common distinguishing quality of medieval land-rent exploitation or feudal land rent is not that these rents differ in kind, type or form but that they in common represent definite unpaid portions of the product or labor-service of the producers that are at the same time constant in relation to the productivity with which they are produced. In the same vein, though the fruit for instance is distinct from the vegetable which is in turn is distinct from the cereal or meat, all of these are alike in the sense they are able to provide some edible form of nourishment and energy to living organisms, in particular, to human beings. In other words, distinct each may be, they are all food. Similarly, though abaca textile is uniquely different from silk which is in turn uniquely different from linen, they are all pieces of woven fiber capable of serving as clothing material.

In short, unique as they may be, they are also all cloth.

In describing many separate bits and chunks of rent, as one mass of definite, and constant unpaid portions of produce and work, we use general description in a generic sense in the same manner as food and cloth. In the same that silk is cloth just as abaca textile or linen cloth, or that fruit is food just as fish and cereal is food, multifarious forms, types and kinds of medieval rent are all feudal rent in the sense that they constitute definite unpaid portions of the product or work constant with respect to the productivity of the labor that produced them.

(4) The interchangeability of the types of feudal land rent

The identity of these varied forms of rent are manifest in that they easily transformed into one another when conditions favored their doing so. Quit-rent could be converted into cropshares and vice-versa, while labor-rent could be turned into quit-rent or cropshare and vice-versa.

For instance, tenants in medieval England who wished not to perform labor-service were required to pay a fine. Thus was labor-rent transformed into a form of rent. Described as follows is that medieval practice.

Finally there were money equivalents of labor services, in places at times in which labour services were commuted. This equivalent would be directly paid to the landlord and might be eventually consolidated with the rent ⁴¹

In addition, partary rent would be converted into quit-rent or labor-rent. For example, an account relates:

After 1150, fixed money rents replaced the crop-sharing payments (called in France *champarts* or *tasques* that had been formerly been levied in the clearance zones

Under the *casas de reservas* arrangement in the friar estates, peasants exempted from paying quit-rent in the form of tribute were compelled to work in certain rice and sugar farms and cattle ranches for one day per week. As described, "each hacienda had a complement of exempted servants who worked as herdsmen."⁴³ That these types of rent metamorphosed readily into one another was because all these had in common their being definite unpaid portions of work or produce constant relative to the productivity of the labor.

The Variability of the Paid Portion of the Product Vis-a-Vis the Productivity of the Labor

Whereas the unpaid part of the product or labor-services that accrues to the feudal lord via land rent is constant in relation to the productivity of the labor, the opposite occurs in the case of the paid part of the product. In contrast, the paid portion of the product or labor-service varies vis-a-vis the productivity of the labor.

The nature of the paid portion of the product in quit-rent exploitation — In the case of quit-rent, the

amount of paid product or the amount that the laborers appropriate for their own consumption varies in response to the productivity of the labor. For instance, say in a certain hectare of riceland, the lord demands 15 cavans of rice. Assume that the entire past labor-equivalent or that representing the means of production used is 15 cavans also. If the harvest is 70 cavans, the equivalent of the present labor is 55 cavans.

To simplify matters, let us immediately set aside the 15 cavans representing the means of production used up. Let us assume that the lord can take the rent from the remainder, which is none other than the present labor-equivalent, 55 cavans (B). Without barring the prospects of any added exploitation, let us assume that this amount of product minus the land rent (another 15 cavans) constitutes the peasants' share of the product, their paid product in the amount of 40 cavans.

This portion of the product (B — R) is a function both of the amount of present labor (y) and the productivity of that labor (B/y). With a given amount of present labor, a rise in productivity will proportionally raise the present-labor equivalent or net product, and a fall in productivity will proportionally lower the net product.

With a given absolutely definite portion of the product, in other words, a definite amount as land rent, any rise in the net product (B) will necessarily raise the remainder. This remainder, assuming to other

deductions of unpaid labor, will constitute the paid product — the part appropriated by the peasant household itself for its own consumption.

Given for example an amount of 50 days of present labor, where this productivity to be 2 cavans of rice per labor-day, this labor would result in 100 cavans of net product. Given a land rent of 50 cavans, and assuming no other deductions, the paid portion would amount to 50 cavans. If the productivity of the 50 days of present labor falls to 1-1/2 cavans per labor-day, the net product would be 75 cavans. Automatically, the paid product of the peasant would fall to 25 cavans. On the other hand, a rise in the productivity of the 50 days of present labor to 2-1/4 cavan per labor-day would lead to a net product of 125 cavans. Automatically, the paid product (again barring other deductions in the form of appropriations of unpaid labor) would rise to 75 cavans.

Any gross product contains an equivalent in past labor and an equivalent in present labor. This applies as well for the quit-rent. It is made up of a certain equivalent in past and a corresponding equivalent in present labor in the same proportion of the gross product.

As we have seen also, to continue the labor process, the means used up in production have to be replaced. And this too goes for the equivalent in the means of production used up and transformed into the quit-rent product.

However, the recipient of the rent is not obliged or required to work, provide or for the replacement of the means of production use up — more so to deduct any amount from the rent for this purpose. It is the task instead of the medieval laborers to shoulder this obligation. The replacement of the means of production — both in the part transformed into the rent-product and that part in the rest of the product — has to be realized by deducting from the share of the product.

The relationship can be expressed as follows: Assume the product, P, to be 100 cavans, and the present labor performed, to be 80 labor-days, and the past labor y to be 20 labor-days. Assume also the product-equivalent of the past labor, A, to be 25 cavans, and the product-equivalent of the present labor, or net product B, to be 75 cavans.

Consider the land rent to be 30 cavans. In the same way as 75 cavans out of the 100 cavans or 75 per cent of the product is equivalent to the present labor performed to produce, 75 per cent of the quit-rent represents the present labor therein (B_r)

$$\begin{aligned} B_r &= R (B/P) \\ &= 30 \text{ cavans} \left(\frac{75 \text{ cavans}}{100 \text{ cavans}} \right) \\ &= 22.5 \text{ cavans} \end{aligned}$$

On the other hand, the 25 per cent of the rent-produce is equivalent to the means of production used up and transformed into the rent-product.

$$\begin{aligned} B_r &= R (A/P) \\ &= 30 \text{ cavans (25 cavans/100 cavans)} \\ &= 7.5 \text{ cavans.} \end{aligned}$$

Since the rentier is under no obligation to labor, supply or spend for any part of the means of production used — including that part used up in the production of the rent-product, which is 7.5 cavans — the peasants will have to replace that 7.5 cavans by selling or bartering off of their share of the product, or by expending an additional part of their labor-power to make this. Let us assume these 7.5 cavans represent means of production entirely bought and therefore to be entirely replaced by means of purchase.

However, this is not all they must restore: they have to replenish as well the means of production used up and transformed into the rest of the product. This can be calculated thus,

$$\begin{aligned} &(P - R) (A/P) \\ &= 70 \text{ cavans (25 labor-days/100 labor-days)} \\ &= 17.5 \text{ cavans} \end{aligned}$$

Thus the remainder of the peasants' share in the product is:

$$\begin{aligned} P - R (P - R) (B/P) - R (A/P) \\ &= 100 \text{ cavans} - 30 \text{ cavans} - 7.5 \text{ cavans} - 17.5 \text{ cavans} \\ &= 45 \text{ cavans} \end{aligned}$$

As shown in the above formula, the paid labor of the peasant household rises as the ratio of the product-equivalent of the present labor or the net product (B) to the product (B/P) rises. At the same time, the paid labor falls as the ratio of the product-equivalent of the past to the product (A/P) rises, given the other factors to be constant.

In the above example, we immediately set aside a certain amount of the product equivalent to the means of production used up. However, in the actual production process this varies according to the efficiency in the handling of the means of production. Within a certain normal range, this efficiency in the handling of the means of production. Within a certain normal range, this efficiency fluctuates and thus variably transforms the means of production into product. Where the handling by the peasant household is less efficient it consumes more of the means of production in production. Therefore, it must reallocate more of the product to restore these. This means it can reapportion less of the product as net product

and eventually as paid net product — as the peasant household's share for its enjoyment. When the handling is, on the other hand more efficient or skillful, it uses up less of the means of production productively. It transforms less of the productive means into the product, and consequently, must return less of the product to replenish the means of production. In such a situation, it can devote more of the product to the net portion, and specifically to the paid portion or the peasant household's personal consumption.

For instance, were the means of production to consume only 12 cavans instead of 15, this would leave 78 cavans as net product. With the quit-rent pegged at 30 cavans, this would push the paid product to 48 cavans. On the other hand, if these means of production consumed were 29 cavans instead, then only 71 cavans would remain as net product. A rent deduction of 30 cavans leaves the peasant household with 41 cavans.

The productivity in handling means of production refers not only to the skill in which the means of production is used productively or transformed into the product. It also concerns the ability in preventing the means of production from being consumed unproductively or destroyed unnecessarily.

When the means of production are handled at an efficiency level below normal, they undergo unnecessary wastage.

However, the reproduction of

the production process requires that these means of production, whether consumed productively or unproductively, be replaced nonetheless. The plows, harrows, sickles, hoes, draft animals and seeds of the cropgrowers as much as the fishing vessels, nets, hooks and sails of the fishermen must be replaced whatever their mode of deterioration. In the normal course of production, the means of production replenish themselves by being transformed into amounts of labor and product that may be used to regenerate the production cycle.

In the event of unnecessary wastage, that part of the means of production destroyed or consumed unproductively does not convert itself into product or labor-service, destined for its reproduction. Nevertheless, the means of production lost unproductively must find a substitute. And since it cannot replace itself, it can only find its replacement by allotting a portion of the product or labor-service that ordinarily would go into the net product.

Since the laborers — in particular, the peasant — own or at least possess (meaning to say, are responsible for their maintenance and even replenishment on their own expense) the means of production including the land, (by dike fixing, composting, in addition to the actual cultivation), they can only obtain the means of replacement for this from their own share of the product or labor-service that would have otherwise gone to their personal consumption. These share in the means of consumption must now be turned into means of production.

tion), they can only obtain the means of replacement for this from their own share of the product or labor-service that would have otherwise gone to their personal consumption. These share in the means of consumption must now be turned into means of production.

To that part of the product or labor-service represented by the means of production used up and transformed into product or labor-service must now be added that part originally belonging to the means of consumption that now must be converted into means of production.

For the sake of illustration, we turn to the example of the plow that in the process of rusting lost 2 1/2 days worth of labor. The peasant has to set aside an equivalent of this in product to buy — though possibly not immediately — a new plow. In the above example, the peasant household was left with 36 cavans in paid product. If it were to buy a plow immediately, it would have to further reduce these 36 cavans by 2 1/2 days or at 1 cavan per labor-day, 2 1/2 cavans.

In recapitulation, the paid product of the peasant household varied according to the productivity of the present labor (in producing the net product), and the productivity in handling the past labor the amount of the labor in means of production used up productively and unproductively).

N (paid product) = $P - (B/y)y - R(A/x)x - W$
 where B/y = productivity of present labor in producing net product
 y = present labor
 A/y = productivity of present labor in handling means of production)
 W = amount of product wasted unproductively

It must be remembered that in contrast to the paid product, the unpaid product in quit-rent remains constant in the face of changes in the productivity of the labor that produces it.

The nature of the paid portion of the product in feudal partary rent-exploitation — Let us now proceed to the case of partary rent — a rent in the form of a certain percentage of the product. Here we are reminded that the peasant household shoulders all the costs in kind or money of reconstituting the means of production, or in combination with this, of undertaking directly the labor needed in replacing or maintaining these.

Let us review the nature of the unpaid product in partary rent: where the rent is a certain fraction of the product or labor-service, changes in the ratio of the entire labor and the present labor to the entire product or the

net product will not alter the rent as that certain percentage of the product (cP).

As discussed earlier, this stems from the reality that whatever the variations in the relationship of the labor to product, given a certain partary rent, that certain percentage will be extracted from the product-equivalent of the present labor, the net product (cB).

The same with the past labor and its product-equivalent: a portion of the rent (cA) will be extracted from the past labor-equivalent of the product in the same ratio as the entire rent will be to the entire product, and the present-labor equivalent of the rent to the net product. This also goes for the changes in the ratio of the present labor to the past labor, or that of the net product to the past-labor equivalent of the product.

In spite of this, the partary rent consistently appropriates the same percentage or fraction of the product equivalents of both the past and the present labor, whatever the absolute amounts of the relative proportions of these may be.

This holds true for the magnitude of any part of the means of production used up productively or unproductively: the feudal rentier does not deduct any portion of his allotted unpaid labor or product for this purpose.

Now let us turn to the paid portion of the labor or produce — the part that falls into the hands of the laboring household for its own con-

sumption.

As with the unpaid portion of the net product, the paid portion of the present labor and its labor equivalent (assuming no other deductions as unpaid labor or product) will likewise be constant with respect to changes in the ratio of net product to present labor (B/y). In other words, in response to variations in B/y , the unpaid portion of the product which can be expressed as $(1 - c)B$ (where $1 - c$ is the fraction of the gross product that is supposed to go to the peasant household as its share) is constant.

On this score, partary rent differs from quit-rent.

This aspect of productivity does not however comprise the entire scope of productivity. Productivity in general includes as well the element of the productivity of the means of production, meaning to say the ratio of the product to the past labor (P/x).

Given a certain productivity of the present labor with respect to the product (B/y), we can also express the ratio P/x indirectly as the ratio of the present to the past labor (y/x).

As in quit-rent, the medieval laborer giving up partary rent to the lord is responsible for providing, maintaining and replacing the means of production. Therefore, to derive the paid product after deducting the rent from the product ($1 - cP$), we deduct further the past labor equivalent, since this must be

returned to production.

$P(1 - c) - A(1 - c)$ or $P(1 - c)(B/P)$

Likewise, as in quit-rent, the laborers are obliged to restore or replenish the means of production used up not only in their share of the product but in the rent as well. Thus, the above remainder of the produce must encounter a further deduction.

$P(1 - c)(B/P) - cP(A/P)$

In addition, from this portion of the product must be subtracted a quantity of product equivalent to the means of the production wasted or used unproductively but nevertheless needed to be replaced.

$P(1 - c)(B/P) - CP(A/P) - W$

Hence, while the unpaid product is constantly a certain fraction of the product irrespective of the productivity of the labor that produces it, the paid product in partiar rent varies in accordance with that productivity.

The nature of the paid portion of the product in feudal labor-rent exploitation — We arrive at the discussion of labor rent. Earlier, we mentioned that it represent at once a certain amount of labor-service (e.g., the farming of certain piece of land and a certain fraction of the labor performed in or the product resulting from the production of that labor-service (100 per cent).

On the other hand, in the peasants' own land allotments the

amount of paid labor-service as well as the fraction of their labor-service or product accruing to their own household's personal consumption, varies in accordance with the productivity of the labor. We must remember that the necessary labor here consists of that portion of the entire labor from which the peasant household derives its income or means of labor-power required to perform corvee labor. For instance, the weeding or harvesting of 1 hectare of land as labor rent may have consumed a certain amount of rice, vegetables, meat, fish, etc. that in turn represents a certain amount of labor performed by the peasants in rice, vegetables, meat and fish production in their own land allotments.

(1) The Nature of Paid and Unpaid Product in Labor Rent Reexamined

Let us now first review briefly the nature of labor rent. Here the feudal lord appropriates definite amounts of labor-service, such as the farming of a certain piece of land, or the weaving of a certain amount of cloth for free or without compensation.

This amount does not change in response to the productivity of the labor. For instance, if a feudal lord imposes certain labor rent of farming, say, 3 hectares on a peasant household, it does not matter to him whether the laborers will perform 50, 55 or 62 days of present and past laborer, in farming the 3 hectares as long as the labor-service required is rendered, so long as the 3 hectares of the lord's land

is farmed. Neither is it of any importance to the lord whether 10, 15 or 18 labor-days equivalent of means of production is used up. At any rate, the lord will take for himself the whole of the labor-service, the product and the labor involved — both the net product and the part represented by the means of production used up. None of this goes to the peasants as compensation.

The labor-service extracted by the feudal lord is limited by whatever he demands from the peasants. No matter how much labor they performed to farm the 3 hectares, the peasants after doing the work would leave it at that until they would be made to do another amount of *gratis* work for the lord. In that sense, the unpaid labor-service or work is constant with respect to the productivity of the labor.

In the case of the paid labor-service, the opposite is true: the unpaid labor-service or work that goes to the personal consumption of the peasant household varies with the productivity of the labor. Remember that in corvee labor and in other forms of feudal rent, the peasants are obliged to supply, spend for, provide, maintain and replace the means of production. This would include the restoration of the land by fixing of the dikes, clearing of the stubble, composting, grazing of the animals and the fallow land, etc. These means of production are consumed wherever they are used in production. In the lord's land, a certain amount of these is changed into the labor-

rent product. In the peasants' own land, it is transformed into the product that initially falls into their hands. And yet, whenever and wherever these are consumed, the peasant household must replace these resources used up. It must take these means of replacement not from the feudal lord but from the product in its own hands.

Where labor rent is the only type of rent imposed on the peasants, the paid product that they enjoy is that which remains of the product in their own land after deduction of a part that goes to replace the means of production they use in production.

Whereas the labor-service or work that the peasants produce in the lord's land they entirely render to the lord as unpaid product, they initially appropriate the entire product they produce in their own land. But not for long, for they have to set aside a portion of this to replace the means of production used up in the production since it is transformed into part of that product on the lord's land that wholly goes to the personal consumption of the lord. Another part of the product on the peasants' land is destined to replace the means of production used up in the peasants' land itself. That part too the peasant household cannot enjoy personally.

These part of the product allotted to replenish the means of production correspond to a certain amount of labor in the peasants' land. As such, whereas the feudal lord takes for himself the entire

product and labor in his land, the peasants can only enjoy for themselves a certain fraction of this product in their own land -- that from which a portion to reproduce the means of production has been subtracted.

In the same manner that the peasant household by performing corvee labor in the lord's land, produces a certain amount of labor-service or work, say farming three hectares for the feudal lord, it also produces a certain amount of labor-service or work, say, the farming of 2 hectares, on its own land.

In the proportion that the peasants cannot enjoy for themselves the entire labor or product in their own land since they must recycle a certain part into production, so will they not be able to enjoy the entire labor-service or work in their own land. In the production of a certain labor-service or work, a certain quantity of present labor is transformed into a certain amount of labor service or work corresponding to a certain fraction of the entire labor-service or work done. At the same time, a certain quantity of past labor transform into another certain amount of labor-service corresponding to the remaining share of the entire labor service.

(2) Formulas in the calculation of labor-rent exploitation.

The transformation of peasant labor into labor-service for the feudal lord. In the case of the labor-rent of farming 3 hectares of the lord's land, where, say, 180 days of present labor were performed and the equivalent of 20 days of past labor were used up, 10 per cent of the labor-service or work corresponds to the past labor and 90 per cent to the present labor. In other words, the 20 days of past labor transformed into the work of farming an equivalent of 3/10 hectare and the 180 days of present labor transformed into the work of farming an equivalent of 2.7 hectares. This can be expressed as follows:

LS_L = entire labor-service rendered in the lord's land, measured in terms of number of hectares farmed (three hectares farmed)

LS_{xL} = the past labor equivalent of the labor-service rendered to the lord in his land

LS_{yL} = the present-labor equivalent of the labor service rendered to the lord in his land

x_L = the labor represented by the means of production used up in the lord's land (20

y_L = the present labor performed on the lord's land as part of the labor rent (180 labor-days)

z_L = the entire labor transformed into the labor-service to the feudal lord

$$\frac{x_L}{z_L} = \frac{LS_{xL}}{LS_L} ; \frac{y_L}{z_L} = \frac{LS_{yL}}{LS_L} ; \frac{LS_L}{z_L}$$

$$\frac{LS_{xL}}{x_L} = \frac{LS_{yL}}{y_L}$$

$$\begin{aligned} LS_{xL} &= \frac{x_L (LS_L)}{z_L} \\ &= \frac{20 \text{ labor-days (3 has. farmed)}}{200 \text{ labor-days}} \\ &= \frac{3 \text{ hectares farmed}}{100} \end{aligned}$$

$$\begin{aligned} LS_{yL} &= \frac{y_L (LS_L)}{z_L} \\ &= \frac{180 \text{ labor-days (3 has. farmed)}}{200 \text{ labor-days}} \\ &= 2.7 \text{ hectares farmed} \end{aligned}$$

Notice here that we measure no part of the product or its equivalent in labor-service or work in terms of average socially necessary labor or value, even if part of the means of production were purchased. This is simply because no part of that product or its equivalent in labor-service rent will have to be sold to replace any part of the purchased means of

production used up, as this is the obligation not of the feudal lord but of the peasant.

In the case of the production of the peasants' own land, let us assume that the peasant household performs 105 days of present labor and uses up 15 days worth of past labor to farm 2 hectares. Let's say that 10 labor-days of this corresponds to purchased means of production, and 5 labor-days to non-purchased means of production.

In the production of the labor-service, where the peasants must replace part of the means of production by means of purchase, one part of the production process takes the form of a circuit characterized by the transfer of value. Whereas, the other part is dominated by the individual character of the specific production process.

Where a certain part of the means of production is bought, that part used up transfers as value into a certain part of the product that is to replace it (A_1). The amount of rice must contain the amount of average socially necessary labor as that contained in the purchased means of production used up. In other words, the labor represented by that amount of rice is that which is required on the social average to produce that quantity of rice. It is therefore measured in terms of labor that possesses the average social productivity in the production of rice that for every given amount of labor produces a certain average amount of rice. We therefore measure the amount of product to replace the value of the purchased means of production spent up as follows:

$$\begin{aligned}
 &= \text{average social productivity in the production of rice (assume this to be 1 cavan/2 labor-days)} \\
 x_1 &= \text{labor represented in purchased means of production used up (10 labor-days)} \\
 A_1 &= sx_1 \\
 &= (1 \text{ cavan/2 labor-days (10 labor-days)}) \\
 &= 5 \text{ cavans}
 \end{aligned}$$

The ratio of these 5 cavans to the entire amount of 72 cavans to the peasant's land will be equal to the ratio between the equivalent in labor-service of the purchased means of production used up, and the overall labor-service produced in the peasant's land.

$$\begin{aligned}
 A_{1p} &= \text{product-equivalent of purchased means of production used in production in peasant's land (5 cavans).} \\
 P_p &= \text{amount of entire product (72 cavans) in peasants' land} \\
 LS_p &= \text{quantity of entire labor-service in peasants' land (2 hectares farmed)} \\
 LS_{p(A_1)} &= \text{equivalent in labor-service corresponding to amount of purchased means of production used up in peasants' land} \\
 \frac{A_1}{p} &= \frac{LS_p(A_1)}{LS_p} \\
 LS_{p(A_1)} &= \frac{A_1(LS_p p)}{p} \\
 &= \frac{5 \text{ cavans (2 hectares farmed)}}{72 \text{ cavans}} \\
 &= 0.139 \text{ hectares farmed}
 \end{aligned}$$

This part of the labor-service follows the circuit of the transfer of value. In the circuit, 10 labor-days of purchased means of production used up transforms into the work of farming 0.139 hectare in line with the mechanism of transfer of value.

The other part of the labor-service the work of farming 1.861 hectares does not follow the circuit marked by the transfer of value. It is produced and reproduced in accordance with the individual productivity of the specific production process.

Here, the rest of the labor that five labor-days represented by the non-purchased means of production used up, combined with the 105 days of present labor totalling 110 labor-days changes into the work of farming 1,861 hectares of the peasants' land.

That is, every labor-day transforms into the work of farming 0.0169 hectare. This is individual productivity of that particular production production process.

dual productivity of that particular production process.

In line with this individual productivity, the present labor amounting to 105 labor-days turns into the work of farming 1.776 hectares. On the other hand, the past labor of 5 labor-days represented by the non-purchased means of production consumed metamorphosis into the work of farming.

$LS_{p(x_2 + y)}$ = the equivalent of the labor-service corresponding to the non-purchased means of production used up and the present labor performed in the peasants' land (1.861 hectares farmed)

$LS_{p(x_2)}$ = the equivalent of the labor-service in the peasants' land corresponding to the non-purchased means of production used up

$LS_{p(y)}$ = the equivalent of the labor-service in the peasants' land corresponding to the present labor

$x_{p_2(x)}$ = the amount of labor represented by non-purchased means of production used up in the peasants' land (5 labor-days)

y_p = the amount of the present labor performed in the peasants' land (105 labor-days)

LS_p = the amount of the entire labor-service in the peasants' land (2 hectares farmed)

$LS_{p(x_1)}$ = equivalent in labor-service of amount of purchased means of production used up (0.139 hectares farmed)

$LS_{p(x_2 + y)}$ = $LS_p - LS_{p(x_1)}$
= 2 has. farmed - 0.139 has farmed
= 1.861 has. farmed

v = individual productivity of the specific production process in the peasants' land

$v = \frac{LS_{p(x_2 + y)}}{x_2 + y}$

$$= \frac{1.861 \text{ has. farmed}}{110 \text{ labor days}}$$

$$= 0.0169 \text{ has. farmed/labor-day}$$

$$\frac{LS_{p(x_2)}}{x_2} = \frac{LS_{p(x_2 + y)}}{x_2 + y} = v$$

$v(LS/p)$ = individual productivity in the production of the labor-service

$$v = \frac{p - A_1}{x_2 + y_p}$$

$$= \frac{72 \text{ cavans} - 5 \text{ cavans}}{5 \text{ labor-days} + 105 \text{ labor-days}}$$

$$= \frac{67 \text{ cavans}}{110 \text{ labor-days}}$$

$$v(LS/p) = (0.609 \text{ cavan}) (2 \text{ has. farmed}/72 \text{ cavans})$$

$$= 0.0169 \text{ ha. farmed/labor-day}$$

$$LS_{x_1} = sx_1 (LS/p)$$

$$LS_{x_2} = vx_2 (LS/p) = x_2 (vLS/p)$$

$$= (5 \text{ labor-days}) (0.0169 \text{ ha. farmed/labor-days})$$

$$= 0.0846 \text{ ha. farmed}$$

$$LS_y = vy(LS/p) = y (vLS/p)$$

$$= 105 \text{ labor-days} (0.0169 \text{ ha. farmed/labor-day})$$

$$= 1.776 \text{ ha. farmed}$$

The part of the labor-service corresponding to the purchased means of production and the non-purchased means of production used up in the peasants' land is equal to

$$= 0.139 \text{ ha. farmed} + 0.0846 \text{ ha. farmed}$$

$$= 0.224 \text{ ha. farmed}$$

The peasant household cannot personally consume this work of farming 0.224 hectare representing the means of production used up in production used up in production in the peasant's land. Since it must rechannel this into production as means of production.

And yet, it cannot entirely enjoy the remainder of the labor-service - the work of farming 1.776 hectares of peasant land -- in personal consumption. This is because as in all feudal rent, the peasant laborers must replace even the equivalent of the means of production used up in the labor-service or rent-product rendered to the feudal lord. And the peasant household must take from the share of the product in its own hands. In other words, it must divert certain additional part of the work in its own land to replace the means of production used up in the lord's land.

The transformation of the work in the peasants' led to means of production used up in the lord's land. Since both means of production is used up in the lord's land and the work in the peasants' land correspond to certain amount of production consumed in the lord's land will find an equivalent in a certain portion of the laborer-service in the peasants' land.

Let us say that a certain amount of means of production ($M_1 L$) used up in the lord's land was purchased ($x_1 L$) -- 10 labor-days -- and that another 10 labor-days of means of production consumed that was not purchased. The peasants have to replenish this means of production bought with an equivalent in product measured in terms of value (the average socially necessary labor required to produce it). On the other hand, they have to exchange the non-purchased means of production used up with an equivalent product measured in terms of the individual labor process from which it came.

They do not exchange or sell the labor-service itself in their own land since the labor-service in the first place is the farming of a certain part of the product that results from the production of the labor-service or work in the peasants' land.

What they exchange is a certain quantity of product in their own land measured in terms of its value and corresponding to a certain amount of average socially necessary labor for the purchased means of production used up in the lord's. Whereas, they set aside a certain quantity of produce measured this time in terms of the individual productivity in the peasant's land and corresponding to a certain amount of individual labor performed to replenish the non-purchased means of production utilized in the lord's land.

These respective quantities of product correspond to definite portions of the work in the peasants' land. In that sense, they allot a certain part of the labor-service in their own land to replacing the means of produc-

tion used up in the lord's land.

$M_1(L)$ = purchased means of production used up in the lord's land

$M_2(L)$ = non-purchased means of production used up in the lord's land

$x_1(L)$ = labor represented by non-purchased means of production used up in the lord's land

$x_2(L)$ = labor represented by purchased means of production used up in the lord's land

$LS_{(p)}$ = amount of labor-service in peasants' land

$P_{(p)}$ = amount of labor-service represented by non-purchased means of production used up and present labor performed peasants' land

$LS_{p(x_2 + y)}$ = past labor represented in non-purchased means of production used plus present labor performed in peasants' land.

s = average social productivity in producing rice

$v(LS/P)$ = individual productivity in producing the labor-service in the peasants' land

v = individual productivity in producing the rice product in the peasants' land, measured in terms of amount product per amount of labor

$P_{p(x_1 L)}$ = product in peasants' land equivalent to the purchased means of production used up in lord's land

$P_{p(x_2 L)}$ = product in peasants' land equivalent to non-purchased means of production used up in lord's land

$LS_{p(x_1 L)}$ = amount of labor-service in peasants' land equivalent to purchased means of production used up in lord's land

$P_{p(x_2 L)}$ = amount of labor-service represented by non-purchased means of production used up and present labor performed peasants' land

$Z_{p(x_1 L)}$ = amount of labor represented by product on peasants' land equivalent to purchased means of production used up in lord's land

$X_{p(x_2 L)}$ = amount of labor represented by product in peasants' land equivalent to non-purchased means of production used up in lord's land

$Z_{p(x_1 L)}$ = $x_1 L$
= 10 labor-days of average socially

$Z_{p(x_1 L)}$ = $SX_{p(x_1 L)}$
= 10 labor-days (1 cavan/2 labor-days)
= 10 labor-days (1 cavan/2 labor-days)
= 5 cavans

$\frac{LS_{p(x_1 L)}}{P_{p(x_1 L)}}$ = $\frac{LS_{(P)}}{L_{(P)}}$

$LS_{p(x_1 L)}$ = $LS_P (P_{p(x_1 L)})$
= $\frac{2 \text{ has. farmed (5 cavans)}}{72 \text{ cavans}}$
= 0.139 hectare farmed

$Z_{p(x_2 L)}$ = $x_{2(L)}$
= 10 days of individual labor

$LS_{p(x_2 L)}$ = $\frac{LS_{p(x_2 P)} + Y_{(p)} (x_2 L)}{x_{2(p)} + (p)}$
= $\frac{1.861 \text{ has. farmed (10 labor-days)}}{110 \text{ labor-days}}$

= 0.169 hectare farmed

The portion of the labor-service in the peasants' land corresponding to both purchased and non-purchased means of production used up in the lords' land is

= 0.139 + .169 hectare farmed
= 0.308 hectare farmed

The paid portion of the peasants' work. Assuming no other deduction in the form of rent or some kind of unpaid labor, the paid portion of the labor-service in the peasants' land – that which accrues to their personal consumption – will be that quantity of labor-service minus that part assigned to replace the means of production used up in the peasants' land plus that to replace the means of production used up in the lord's land.

$LS_{N(P)}$ = paid portion of the labor-service in the peasants' land

$LS_{(P)}$ = quantity of entire labor-service produced in the peasants' land (2 hectares farmed)

$LS_{x(P)}$ = the equivalent in the labor-service of the means of production used up in the peasants' land (0.224 hectare farmed)

$LS_{p(x L)}$ = the equivalent in the labor-service produced in the labor-service produced in the peasants' land of the means of production used up in the lord's land (0.308 hectare farmed)

$LS_{N(P)}$ = $LS_{(P)} - LS_{x(P)} + LS_{p(x L)}$
= 2 hectares farmed – 0.224 has. farmed – 0.308 has. farmed
= 2 ha. farmed – 0.532 ha. farmed
= 1.468 hectares farmed

Thus the peasant household appropriates for its own personal consumption the work of farming 1.468 hectares in its own land or 73.4 per cent of the entire work in its own land. This is the paid portion of the labor-service or work it produces in its own land.

This paid portion of the work in its own land varies according to:

– the productivity of the present labor in producing the net labor-service in the peasants' land;

– productivity of the present labor in handling the past labor in handling the past labor in production in the peasants' land; and

– the productivity of the present labor in handling the past labor in production in the lord's land.

The net labor-service and its variability according to the individual productivity of the labor. In the production of the labor-service, the past labor transforms into a certain part of that labor-service. The peasant household must return to production that part and thus cannot personally enjoy it. However, the present labor transforms into a part of the labor-service that which the peasant household can potentially enjoy -- in our example, this amounts to the work of farming 1.776 hectares.

This is in effect the net labor-service. From this segment is appropriated the unpaid labor in the form of the replacement of means of production used up in the lord's land. But also from this section is taken the paid portion.

The net labor-service varies according to the productivity of the present labor that produces it. Its productivity corresponds to the individual productivity of the aggregate of the present labor and the past labor represented by the non-purchased means of production used up.

Where, for instance, the combined amount of 110 labor-days constituting the non-purchased means of production consumed and the present labor in the peasants' land results in the work of farming 1.861 hectares -- in other words, 1 labor-day produces the work of farming 0.169 hectare -- a present labor of 105 labor-days produces the work of farming 1.776 hectares.

Where 1 labor-day creates the work of farming 0.2 hectare reflecting the individual productivity of the labor in the specific process, the present labor of 105 labor-days turns out the work of farming 2.1 hectares.

Based on this latter individual productivity whereby 1 labor-day produces the work of farming 0.2 hectare, a present labor of 100 labor-days produces the work of farming 2 hectares.

This relationship can be expressed as follows:

$$\begin{aligned} LS &= \text{net labor-service} \\ LS_{x_2(P)} + LS_{y(P)} &= \text{total labor-service produced in accordance with the individual productivity of the production process} \end{aligned}$$

$x_2 + y =$ total labor (present labor and past labor) represented in non-purchased means of production used up that produces in accordance with individual productivity.

$y =$ present labor

$\frac{LS_y}{Y} =$ productivity of present labor

$\frac{LS_y + LS_{x_2}}{y + x_2} =$ productivity of present labor and past labor represented by purchased means of production used up.

For a given amount of present labor, the higher the productivity of the present labor, the greater is the net labor-service. The lower the productivity of the present labor, the lower the net labor-service.

As in:

$$LS_{n(P)} = LS_{(P)} - LS_{x(P)} - LS_{(xL)P}$$

Where $LS_{(P)}$ is the net labor service, the above equation may take the form:

$$\begin{aligned} LS_{N(P)} &= LS_{y(P)} - LS_{P(xL)} \\ &= (LS/y) y - LS_{P(xL)} \end{aligned}$$

For a given amount of labor, y , the higher the productivity of the present labor (Ly/y), the greater the net labor-service, LS_y . The lower the productivity, the lower the net labor-service.

Aside from this, the net labor-service enjoyed by the peasant household varies accordingly with the productivity of the present labor in the handling -- meaning to say, in the use and maintenance -- of the means of production. The efficiently they are handled, the less of their equivalent in labor transforms into any given quantity of product or work, and conversely. The more efficient the handling of the means of production, the more productive the present labor becomes.

Mathematically, this relationship could be described as:

$$\begin{aligned} LS_{n(P)} &= z_{(P)} - x_{(L)} \\ &= z_{(P)} - x_{(P)/LS(P)} - x_{(L)} \end{aligned}$$

The productivity in the handling of the means of production is reflected in the ratio $x(P)/LS(P)$; for every given quantity of labor-service, a certain amount of labor represented by the means of production is used up, and transformed into a certain equivalent of the product or work which in turn must be converted into replacement for these means of production used up.

The higher the efficiency in using and caring for the means of production, the lower the quantity of labor represented in it that is consumed in the production of a given amount of product or work. On the other hand, the lower the efficiency, the higher the amount of labor in the means of production that is consumed during production.

For instance, assume that the peasant household has grown more efficient so much so that eight (8) labor-days represented by purchased means and five (5) labor-days of non-purchased ones were now used to produce the same quantity of product (72 cavans) and work (2 hectares farmed).

The value of the means of production bought is transferred into a certain equivalent in product containing the same value. If the average social productivity in producing the rice commodity were 1 cavan/2 labor-days, then 8 days of average socially necessary labor in purchased means of production eaten up during production would be transformed into 4 cavans of rice (A_1).

$$\begin{aligned} A_1 &= sx_{1(P)} \\ &= (1 \text{ cavan}/2 \text{ labor-days}) (8 \text{ labor-days}) \\ &= 4 \text{ cavans} \end{aligned}$$

The 4 labor-days of non-purchased means of production ($x_{2(P)}$) and the 105 days of present labor ($y_{(P)}$) results in a certain product — the remainder of the 72 cavans after deduction of the 4 — namely, 68 cavans.

In such case, the individual productivity of the specific production process would be:

$$\begin{aligned} v &= \frac{B + A_2}{x_2(P) + y_{(P)}} \\ &= \frac{68 \text{ cavans}}{4 + 105 \text{ labor-days}} \end{aligned}$$

$$= 0.624 \text{ cavan/labor-day}$$

and thus the present labor of 105 days would be transfigured this time into this amount of work:

$$\begin{aligned} LS_{(Y)} &= vy_{(P)}(LS/P) \\ &= (0.624 \text{ cavan/labor-day}) (105 \text{ labor-days}) (2 \text{ has. farmed}/72 \text{ cavans}) \\ &= \frac{2 \text{ has. farmed} (65.5 \text{ cavans})}{72 \text{ cavans}} \\ &= \text{roughly } 1.82 \text{ hectares farmed} \end{aligned}$$

Therefore given the same amount of work, the present labor of 105 days product — now more efficient insofar as 8 labor-days worth of purchased means of production and 4 labor-days worth of non-purchased ones were used in farming 2 hectares — the same present labor embodying a greater productivity (0.624 cavan/labor day) created a greater quantity of net labor-service (1.82 hectares farmed, compared to the previous 1.776).

So with the amount of means of production used up in the lord's land that must be deducted from the product in the peasants' land. The difference now here is that it is the productivity in the labor in the lord's land and not in the peasants' land that determines this quantity of means of production that must be replenished.

As with the means of production consumed in production in the peasants' land, the relationship can be described mathematically:

$$\begin{aligned} LS_{N(P)} &= LS_{x(P)} - LS_{yL(P)} \\ &= z_{(P)} - x_{(P)} - x_{(L)} \\ &= z_{(P)} - x_{(P)} - (xL/LS_{(L)}) \\ &\quad LS_{(L)} \end{aligned}$$

The variability of the paid labor-service in relation to the individual productivity of the labor. The peasants have to deduct a varying amount of labor-service or work in their own land to be given up to the feudal lord as part of the 2 hectare farming labor-service demanded by him. Thus, as a result of changes in the productivity, they receive a varying amount of farming services that they personally enjoy, or goes to their personal consumption.

Assume for instance in the lord's land that the peasant household performs 200 days of present labor y_L and uses up 10 labor-days in means of production (x_L) to produce a labor-service or work of farming 4 hectares (LS_L). Assume likewise that in its own land, the peasant household by farming for a total of 160 labor-days (z_P), 10-days of which are represented by past labor (x_P) produced on 3 hectares (LS_P) 60 cavans of rice and 180 kilos of vegetables (collectively referred to as (P_P)). In other words, 160 labor days produced the work of farming 3 hectares, or 160 labor-days transformed into the work of farming 3 hectares. A single labor day turned into the work of farming 1/53 hectares or roughly 189 square meters of peasant land on the average.

These 60 cavans of rice and 180 kilos of vegetables produced in the peasants' land constitute means of consumption for the peasants. Given a certain level of productivity, and a certain level of necessary consumption, this specific amount of means of consumption within the normal limits supplies a normal range of labor-power that when put into motion within the normal limits as a certain amount of labor produces a certain amount of labor-service or work, say the farming of a certain area of land.

Given certain ranges in the ratios in the normal conversion from one form of matter to another and a certain productivity, a certain amount of means of consumption translates into a certain amount of labor-service.

MC = product (means of consumption)

LP = labor-power

L = labor

LS = labor-service or work

$MC(LP/MC) = LP (L/LP)$
 $= L (LS/L) = LS$

The ratio between the means of consumption and labor-power reflects the individual metabolism and the useful nutritional effect of food on the laborer. For instance, it represents a certain amount of glucose produced in the human body for every kilo. of rice eaten. The ratio between the labor-power and the labor (L/LP) mirrors the individual metabolism and the level

of exertion of the laborer. For instance, it stands for a certain number of calories of energy generated by the consumption of the glucose. The ratio between labor-service and labor (LS/L) discloses the productivity of the labor -- the ability of a certain amount of labor to produce a certain amount of product or work, in the form of tools and animals they possess and produce during corvee production.

Thus, the peasants must allocate a certain amount of labor-service and product not only to supply the means of their labor-power, their means of sustenance for work in the corvee lands. At the same time, they must assign another amount of product or labor-service to producing, maintaining or replacing these means of production used up either in the lord's or their own lands.

The more productive and less wasteful the peasants are in using these means of production in either lord's or peasants' land, the less the labor represented in the plows and sickles, for instance, transforms into the product. The less, therefore, the amount from the peasant's product in their own land that has to go to replace this.

The less productive and most wasteful the peasants are in handling these means of production, the greater is the product from the peasant's land that they have to allot for the replacement or maintenance of these means of production.

Therefore, they need to set

aside a greater or lesser part of the labor-service - the farming of their own allotments - for replenishing or maintaining the part of the means of production used up in the lord's land or their own land.

We can measure this greater or lesser amount of means of production in terms of the individual labor of the particular production process in the case of the means of production, produced itself by these peasant household using it or obtained by barter from the production unit which produced it. In the case of means of production of the unit bought, we measure that amount of means of production in terms of the average socially necessary labor in making these.

Therefore, the amount of means of production that needs to be replaced from the peasants' share is determined by:

- the productivity of the peasant household in the use of these;
- the productivity in producing the means by which these are replaced as in the rice which is bartered off or sold to acquire these; and
- its productivity in the production or maintenance of those means of production.

Thus, in proportion to the productivity of the peasant household in handling these means of productivity, a greater or less quantity of farming service in the peasants' own land will have to be devoted to replacing that part in the means of

production used up in the lord's land as well as that used up in the peasants' land.

Whereas in the corvee labor, the labor-service, as set - for instance, farming 2 hectares of the lord's land - is constant irrespective of this productivity and that in other forms, the part of the farming labor-service in the peasants is variably turned into labor-service for the feudal lord. A certain case where the efficiency in the handling of the means of production in the lord's land is signified by $(x_L / LS_{(L)})$.

The higher the efficiency in the use and preservation of the means of production in the lord's land, the less the amount represented in the means of production (x_L) that must be replaced by sucking up a part of the product from the peasants' land. Conversely, the lower the efficiency, the more the amount of labor represented in the means of production used up that must be diverted from the peasants' product in their own land.

As shown above, the amount and fraction of the labor-service or work produced in the lord's land and appropriated by the feudal lord is constant in relation to the productivity of the labor that produced. On the other hand, the amount and fraction of paid labor-service or work in the peasants' land that are appropriated for their personal consumption are variable relative to the productivity with which this was produced.

2. Feudal Usury

a. Usury as Source of Slave Exploitation

Now we come to the second type of medieval exploitation -- feudal usury. Usury, when it made appearance in society, did not immediately belong to the medieval mode of production. Though the immediate form of extraction of unpaid labor, as we shall explain later, corresponded to medieval types, usury often began as a slave-exploiting phenomenon.

During the dawn of civilization, it became common that many of those who suffered from poor productivity of labor or land were forced to survive by borrowing from those who benefitted from greater productivity of their labor or land. Those who lacked even the necessary product -- that necessary to sustain their labor-power -- were able to share the surplus product of others, but at a price.

The price to pay was not only an interest to be paid -- an amount which was to grow with every season that the loan was not paid. The price was also and eventually slavery.

In the case of pre-Hispanic Philippines, for every cavan of rice borrowed, two cavans were to be paid. The exaction of interest meant an extraction of unpaid labor. With every year that the loans were not paid in full, payments equivalent to the original interest were to

be added to the previous amounts due for payment.

A loan of one cavan of rice and an interest of an equal amount, if unpaid during the year, was to be repaid with two cavans interest during the second year. If this amount was not fully paid during second year, another cavan was added to the interest to be repaid during the third. And so on and so forth. In the meantime that the loan was unpaid, the debtors would be the creditor's slaves.

During this period of debt peonage, the lender would own or control the entire labor-power of the debt peons. The creditor was able to dictate to them how and when their labor-power was to be spent, and what part of their product or labor-service or its equivalent was to go to the exploiter and which to the laborers. While the borrowers were supposed to pay a certain amount of unpaid product as interest to the lenders, so long as these debt peons were slaves, they were merely entitled to portions of product or labor-service that were paid or unpaid depending on whether their labor representing their production exceeded or fell short of the labor representing their means of consumption.

Since what was allotted to the debt peons provided merely for their subsistence, there was immediately and simply no way that they could repay the loan. Therefore, though these debt peons appeared to be merely debt peons -- required to pay only the interest -- they were in reality and above all,

slaves. Debt peonage became merely a means of enslavement. Debt peonage was the shell of their exploitation, but slavery was its kernel.⁴⁹

In this sense, what appeared to be a feudal form of exploitation was in truth first merely chain that served to tie the debtor to slave exploitation.

This was usury's first role in history: introducing or facilitating the birth of slavery.⁵⁰

b. Usury as a Factor that Weakened Slavery and Promoted Feudalism

The second role was the very opposite of the first. During the decline of slavery, usurers preyed on slave-owners increasingly beleaguered by a crisis in the slave mode of production. Marx described this usury which further sapped the strength from the slave-holders and weakened the slave mode of production in general. In that manner, usury helped usher in the then progressive feudal mode, but indirectly.

The third role of usury in human history was its **direct** involvement in rise and enlargement of the feudal mode of production and exchange. Usury in medieval England is described in the following fashion:

Since usury was a sin, it leaves few overt traces, but we catch glimpses of village usurers at work in Yorkshire. At Holme, in the famine year of 1316. Henry Wade was lending at the relatively

modest rate of about 50 per cent per annum; but William Richardson lent money to a woman at over 200 per cent.⁵¹

Creditors appropriated interest not only in the form of definite quantity of money but also as a definite amount of unpaid labor-service. Studies tell of rich peasants who required poor peasants to repay loans with a certain number of free labor-service days.⁵²

During the period when conditions were ripe for the advent and expansion of the feudal mode, usury served as a handmaiden to medieval exploitation. The following account portrays credit and debt in medieval Italy.

The peasants' lack of capital was the opportunity of the speculator and nothing in rural records is more conspicuous than rural debt. Debts were of all kinds, and money loans are often impossible to distinguish from the mere extension of credit on goods and other types of current obligation by which agrarian society was largely held together. Rural money lenders... more often... were prosperous peasants or local tradesmen... but many were also landlords and townsmen, and more often than appears on the surface, the commercial dealings of townsmen and peasants were in fact loan contracts. This was true especially of advance purchases of crops in which the concealed interest rates are high and the risk for peasants severe.⁵³

Land-owning peasants who were not able to repay usurious loans secured during times of distress by mortgaging their land were often transformed into tenants. In medieval Italy, we see this pheno-

menon:

Already in the thirteenth century, we find townsmen at S. Gemignano seizing the land of small-holders for the non-delivery of quite trifling amounts of produce (as the urban law of their creation entitled them to do). . . By reason of such transactions, smallholders were frequently more seriously burdened than tenant-farmers; and the commonest cause recorded for sale of peasant property is debt.⁵⁴

Eighteenth and nineteenth century society in the Philippines saw the proliferation of such arrangements known locally as *pacto de retroventa* that led to the rapid spread of landlordism. This was what we may call one subrole of usury in promoting feudalism.

The other subrole usury played was in lending resilience to the feudal mode. Usurious loans served as a means of credit to the peasants to supply either or both their means of subsistence, such as food, or the means of production. The peasants' share of the harvest were usually only enough to provide the barest means of survival under normal conditions. During natural calamities which occurred every now and then (once every eight years in the Philippines according to one observer)⁵⁵, the peasants had to resort to heavy borrowing from the feudal lords, which left the door wide open for usurious arrangements. They thus received a small part of the previous unpaid product extracted from them, enabling them to reproduce their labor-power, -- together with their offspring, survive for the time being and continue working as pea-

sants for the feudal lords -- however, in the case of usurious loans, at a price of earmarking an additional unpaid labor.

c. Forms of Feudal Usury

Loans usually take five basic forms:

- * an amount of direct produce, such as rice, is borrowed and repaid with a larger amount of the same kind of produce as principal and interest.
- * a quantity of direct produce is borrowed, and is repaid in money.
- * an amount of money is borrowed and is repaid in direct produce.
- * a sum of money is loaned and repaid with a bigger sum of money.
- * a quantity of produce is borrowed and repaid with a certain amount of another kind of produce.

In the first case, the principal is supposed to be replaced with the same amount of product. Thus, the interest-- or the difference between the principal or amount borrowed, and the amount repaid -- makes up the unpaid product.

As the lender is under no obligation to return any part of his interest to the borrower, as where the master is responsible for feeding the slaves from their produce, this unpaid product in the form of interest is definite.

How does it relate to the productivity of the labor which produces it? Regardless of the productivity of the labor -- how much present and past labor was performed to produce a certain amount of product -- the borrowing peasant would have to cough up a definite quantity of produce to be repaid as interest. It is thus identical with quit-rent in kind. Whether a total of 40, 50 or 60 days of past and present labor resulted in 100, 110 or 120 cavans of rice, or whether of these, 5, 10 or 12 days represented labor that was bartered or bought and therefore needed to be replaced from the peasants' gross produce is immaterial to the borrower who owes, say, 5 cavans in interest. Come what may, the lender obliges peasant debtor to come up with that 5 cavans interest of unpaid product.

In the second and third case, where either the principal or repayment is in money-form and the other is in the form of direct produce, a certain amount of money representing a certain amount of average socially necessary labor in the production of gold is meant to replace or be replaced by a certain amount of produce. We measure this produce, if it were to be exchanged with money, in terms not of the quantity of labor that went into its individual production, but with the social average process. Were money -- ordinarily in the form of gold -- to replace rice or vice-versa, the labor represented by the rice would be of an average socially necessary kind. In other words, were the 5 cavans of rice to correspond individually to one

labor-day per cavan or 5 labor-days, but on a social average to 1-1/2 labor-days per cavan or 7-1/2 labor-days, then the five cavans of rice represents not 5 but 7-1/2 labor-days.

The money with which to replace the rice or with which the rice is replaced also stands for a certain amount of average socially necessary labor in the production of gold.

One difference between ordinary exchange and credit is that in the latter, there is a time lag between receiving the money or produce borrowed, and the repayment of the loan in money or produce. Between the time of borrowing, therefore, and the time of repayment, a certain change in the average socially necessary productivity in the making, for instance, of the rice produce, and the gold, may have taken place.

For instance, consider that a peasant household borrowed 5 cavans of rice representing 7-1/2 labor-days at the time of borrowing and to be repaid with 2,000 pesos. Say, at the time of borrowing, 2,000 pesos symbolizing 10 labor-days (200 pesos per labor-day) were equivalent to, say, 100 ounces of gold, in turn corresponding to the average socially necessary labor of 10 labor-days (1 labor-day per 10 ounces of gold).

But the peasants do not repay the loan the moment they borrowed it. They are to repay at a later date, say, 3 months hence. Therefore, the equivalent of the interest and principal that is repaid not by

the value it might have had during the time it was borrowed. Rather, we measure it by the value both of the money paid and of the rice borrowed 3 months after borrowing.

In the 3 months transpired, both these values -- of rice and gold -- may have changed. Five cavans of rice may no longer be equivalent to a value of average socially necessary labor or 7-1/2 labor-days. A rise in social productivity may have lowered the value of 5 cavans of rice to 5 labor-days. On the other hand, money may have changed it as value, too. For instance, the average social productivity in gold-making may have soared such that one labor-day is represented by 15 instead of 10 ounces of gold. Therefore, 10 ounces of gold or 200 pesos no longer constitutes one labor-day but 2/3 labor-day.

In that case, the 5 cavans of rice now representing 5 labor days is repaid with 2,000 pesos which now is equivalent to 6-2/3 labor-days instead of 10. The unpaid labor extracted by the usurer is 1-2/3 labor-days.

The individual productivity of the rice production of the borrower will minimally or insignificantly affect the average social productivity of rice, since her or his produce and production is only one of at least hundreds, thousands and hundreds of thousands of individual produce and production processes.

Considering the wide extent coupled with the small scale of me-

dieval production, it is highly unlikely that an individual farm of peasant household would yield and sell more than 5 per cent of the produce obtaining in a given market.

Therefore, virtually regardless of the individual productivity of labor which yields the interest of unpaid product or labor, the lender appropriates a definite amount of unpaid product or labor in the form of money from the borrower, in the second and third cases. In short, he extracts a definite amount of unpaid product or labor constant irrespective of the productivity of the labor which produced it.

In the fourth case, when money borrowed is repaid with money, money itself other than when used as embodiment of value and medium of exchange is useless to its holder. The principal in the form of money as a means to buy goods is only useful as an indicator of the average socially necessary labor, in the form of a certain amount of gold with which one may obtain a product directly consumable and identical in terms of amount of average socially necessary labor.

The interest serves as an increment over rent -- an additional tipping over the cream skimmed off the producers' milk. It was a means to increase the overall constant unpaid produce or labor extracted from the peasant.

A fourth subrole of usury in the feudal mode is the tying of the peasant to the means of production,

including the land. We will discuss this, on the other hand, in a succeeding section.

A fifth role of usury was facilitating the abolition of the old feudal mode. Marx mentions two forms this process took:

Firstly, usury, by lending money to extravagant magnates, essentially to feudal proprietors; secondly, usury by lending money to small producers who possess their own conditions of labor, including artisans but particularly and especially the peasants.⁵⁶

3. Feudal Underpricing

The third basic type of feudal exploitation in the historical development of the feudal mode is feudal underpricing of the produce of the peasants. This usually appeared in areas where land rent was still low enough to allow the peasant to set aside a certain minority part of this produce for trade. Likewise, during the period of the consolidation and expansion of feudal rule, it became necessary for the class of feudal lords to amass greater constant unpaid labor in support of their armed forces.

Before proceeding any further, let us review the concept of value. Marx and other pioneers in the study of political economy had shown long ago that commodities contain, aside from their utility or use-value, particular values which correspond to the social average of the quantity of labor performed in

their production. Where equal exchange prevailed in pre-capitalist societies, commodities exchanged were equivalent to each other in terms of amount of average socially necessary labor.

a. The Transformation of Present into Past Labor

For instance, consider a commodity such as a shirt. The value contained in a shirt is comprised of the average socially necessary labor used in its making using the typical technology -- production methods, materials, instruments and ancillaries. On one hand, this includes the amount of average socially necessary present labor -- the average hours or days involved in the measuring of its wearer, the cutting of the cloth and its sewing, the making of the buttonholes, the sewing of the buttons, etc. For each stage of this process, there is a definite amount of average labor-time needed. The sewing of the buttons may take four minutes for one tailor, 5 minutes for another, and 6 still for another. If, however, on the average, such an operation requires 5 minutes, then 5 minutes of labor is the quantity of the average socially necessary labor for those operations. Now, say that for the entire present labor involved in the making of the shirt, a social average of 20 minutes emerges.

Now for the past labor involved: this means the amount of labor embodied in the means of production, such as cloth, needles, thread, and buttons, to be transformed into the shirt. Say, on the

average, a yard or cloth took 30 minutes to spin, weave and dye, a button one minute to make, etc. In the making of the past product—the cloth and five buttons, the spinning, weaving, dyeing -- to produce one yard and the making of five buttons -- totalling 35 labor-minutes constitute the average present labor. The looms, spinning wheels, cotton, etc. typically used embody its past labor. The cotton used in the one yard of textile for instance involved on the average 15 minutes of plowing, planting, tending, harvesting, transporting, using the typical techniques and means of production, etc. The portion of the looms used up stood for on the average, say 5 minutes of carving the wood structures and gathering the wood.

In the present labor of growing the cotton, past labor in the form of seeds, plows used up, etc. was made up of a certain average amount of present labor-time, say, one minute of labor needed on the average to grow their seeds, carve the plows, attach the blades, etc. and so on and so forth. If we pursue up to a certain point this process of reducing all means of production to present labor, we will arrive at a more or less accurate approximation of the shirt's value or that of any commodity, for that matter.

Say also that the average socially necessary labor in the means of making the shirt approximated 20 minutes of labor-time. Let us then assume that the past labor contained in the shirt amounted to one labor-hour. We, thus, have a

shirt representing 80 minutes of average socially necessary labor. Say, that by employing a similar process of calculation, we derive 5 minutes as the average socially necessary labor contained in a loaf of bread. If we wish to effect the equal exchange of a shirt with bread, we may barter the shirt for 16 loaves of bread.

Say, likewise, that using the above method for determining the value of a commodity, we arrive at 50 minutes as the average socially necessary labor in an ounce of gold. Say that the price of gold was set at 100 pesos or 5 dollars per ounce.

Were the price of the shirt to reflect its actual value, it should be sold or bought for 160 pesos or 8 dollars. As for the loaves of bread, they should sell for 10 pesos or 50 cents per loaf.

b. Underpricing under Slavery

Let us now turn to the case of underpricing in a slave society. How does a merchant earn in a slave society?

For one, a merchant could take advantage of the fluctuation of prices of goods below and above their actual values, caused for instance by a swing of the supply of good below or above their "normal" or ordinary levels. The merchant could buy commodities when priced below their value, say at 140 pesos for the shirt and 40 cents for each loaf, and sell these at a higher price.

This higher selling price could be of three basic levels:

- the commodity, whether product or labor-service, could be sold above the buying price but still below its actual value. For instance, the shirt could be bought at 40 pesos but sold for 45 pesos. Or else, the loaf bread could be bought for 40 cents and sold for 45 cents.
- the commodity could be sold at its value. For example, the shirt could be bought for 140 pesos and sold for 160 pesos, while the 5 loaves of bread could be bought for 2 dollars and sold for 2 dollars and 50 cents.
- it could be sold above its value. In other words, in addition to the underpricing of the good bought, is the overpricing of the good sold. For instance, the shirt, bought for 40 pesos, could now be sold for 180 pesos. The 5 loaves of bread bought for 2 dollars could be sold for 3 dollars.

In our present analysis, all these occurs in a society where production is undertaken by slaves. Here all goods produced by slaves belonged necessarily to the slave-owners, who as the only owners of the goods were solely in the position to sell them. In a society where slaves comprised the overwhelming bulk of the actual producers, trade by merchants usually meant that goods were bought largely from the slaveholders. Let us look deeper into the above-mentioned three levels of under-

pricing, using different examples.

In the first case, the merchant type buys from the slave-owner the product of the slave at an underprice and sells it at a higher price (lower than its actual value). Assume, for example, that the products of slave labor, say, 15 bushels of grain the actual value of which is 15 dinars, but was sold to a merchant for 10 dinars and was in turn finally sold for 13 dinars.

The merchant was able to buy the product at 10 dinars and sell it for 15 dinars, realizing a profit of three dinars. The profit of the merchant — three dinars -- came from the unpaid product originally appropriated by the slave holders in its entirety, as part of the indefinite unpaid portion of the slave's product. However the merchant appropriated in turn part of the slave unpaid labor by means of underpricing — three dinars, to be exact.

Meanwhile, the end-buyer who was able to buy the product — actually worth (in value) 15 dinars but sold for 13 dinars by a merchant — was able to pocket for himself a part of the unpaid labor of the slaves. Of the product valued at 15 dinars, he paid only for 13 dinars. Here, he gained as part of the unpaid product of the slave originally appropriated by the slave-owner.

The following thus participate in the exploitation of the slave: the slaveholder (in the amount of 10 dinars); the merchant (in the amount of 3 dinars); and the end-buyer (in the amount of 2 dinars).

In the **second case**, assuming that the merchant bought the product at 10 dinars and sold it to its end-buyer at its actual value (15 dinars), the slave-owner was able to appropriate the product at 10 dinars and sold to its end-buyer at its actual value (15 dinars), the slave-owner was able to appropriate 10 dinars or two-thirds of the unpaid product, while the merchant was able to take for himself 5 dinars or one-third of the unpaid product. Again, both merchant and slave-owner were able to get parts of the unpaid product of slave labor.

In the **third case**, assuming that the merchant bought the product at 10 dinars and sold it to the end-buyer at 18 dinars (above its value) the slave-owner was thus able to get 10 dinars as unpaid product while the merchant made a profit of 8 dinars. However, since the actual value amounted to only 15 dinars, only 5 dinars out of the 8 came from the surplus product of the slave who produced the goods. Where did the extra profit in dinars come from?

If it were another slave-owner who bought the product for 18 dinars, then the merchant took these 3 dinars from the unpaid product originally appropriated by the slave-owning buyer, this time from the latter's own slaves.

In all the three cases above, merchant profit originated from the unpaid labor of slaves. What, however, if it were the actual producers themselves sold the product at an underprice or bought the product

at an overprice? What kind of exploitation then ensue? This brings us now to feudal underpricing and overpricing.

c. Feudal Underpricing Exploitation

During the medieval period, underpricing was no longer principally an underprice of goods sold by the exploiting classes. Instead, at least during the period of the rise of feudalism, it was the goods sold by the laborers themselves that were underpriced.

Underpricing was no longer merely a reappropriation of a part of unpaid labor originally appropriated. It became a form of direct appropriation of unpaid labor from the direct producer, the laborer. Thus it began to exist as an independent form of exploitation no longer derived from a previous or original form of exploitation.

The underpricing of the goods sold by the laborer assumed a feudal character. Why so? Simply because, as with feudal rent, it constitutes a direct appropriation of constant unpaid labor from the laborer.

How is this so?

A certain amount of product sold by the peasant at a price below the actual value yields to the buyer an unpaid product equivalent to the difference between the selling price and the value -- in other words, the underprice. Of the product sold, the underprice is a definite and constant portion of

the laborers' product in the relative sense. It is a definite and constant percentage or fraction of the value of the product.

Why constant?

Just as in the case of feudal rent and usury, no matter how productive the peasant household is, whether 20, 30 or some other number of labor days of its labor produces 2,000, 3,000 or some other number of kilos of produce, will not in a significant way alter the fact that for that given period of production, the merchant will extract a certain definite fraction of unpaid product and value for every quantity of produce sold.

For instance, whether the peasant household performed 30, 35 or 40 man-days in its one-hectare rice farm and whether this resulted in 50, 60 or 70 cavan of unhusked rice, the merchant buying rice at 2 pesos per kilo (where the average socially necessary labor in a kilo is equivalent to 4 pesos) will be extracting as unpaid value or product one-half of whatever product is bought from the peasant.

Likewise, since the produce sold by the peasant is a definite amount, any definite percentage or fraction of that product sold (reflecting the underprice) corresponds to a definite quantity of product or value. Where the peasant sells the wheat, for example, at 50 per cent of its actual value, the merchant who buys 20 bushels will gain a profit of 10 bushels. If the price of each bushel is 10 dol-

lars, then he extracts from the peasant a profit of 100 dollars. Thus, the underprice is a constant unpaid portion of their product both in the absolute sense (as a definite amount of produce) and in the relative sense (a definite percentage of the product sold).

As pointed out earlier, the productivity of the peasants in their specific production units can only affect the size of or amount of the unpaid product or value minimally or insignificantly -- only to the extent that the individual value of the product of a particular production unit of a specific peasant household determines the value of that product.

On the other hand, the paid product of the peasant household victimized by underpricing varies in response to the productivity of the labor that produced it. Firstly, the amount of the paid product of the peasants changes in accordance with this productivity whereas the amount of underprice does not. Given, say, the value of corn at 5 pesos a kilo or 5,000 pesos for 1,000 kilograms -- the merchant gets hold of an underprice of 2 pesos per kilo or 2,000 pesos per 1,000 kilos whether 10, 15, 20 labor-minutes or otherwise of a single peasant household produced one kilo of corn or this one kilo individually was made up of 10, 15, 20 labor-minutes.

Secondly, where the merchant buys these goods at a certain underprice ratio, the ratio to the peasants' gross share minus their production expenses for the pro-

duct sold changes with the productivity of the labor that produces it.

We can express the underpricing of the produce sold by the laborer in the following manner:

V = average socially necessary labor (labor performed at an average productivity and efficiency using typical technology to produce a certain amount of product or labor-service)

P = selling price

U = (underprice) = $V - P$

Underprice Ratio = $\frac{V - P}{V}$

In the Philippine experience, feudal underpricing cropped up along with compulsory requisition of peasants' harvest, called *vandalla*. Dennis Roth related thus,

The provinces of Pampanga and Bulacan had annual quotas of 12,000 and 6,000 cavans of palay respectively which they were forced to sell to the government at prices far below their market value. In normal times, each farmer contributed roughly one cavan of palay for each *balita* (a little more than a half of a hectare) of land that he owned, and in years of crop failure in other provinces two cavans for each *balita*.⁵⁷

Feudal underpricing came into being as a basic type of feudal exploitation that on one hand, supplemented rent and usury, and on the other hand, existed independently of land rent and usury.

Where if buttressed land rent and usury, it helped to suck up whatever surplus there was and even a portion of the necessary peasant produce in the form of grain that remained after payment of land rent and usurious loans. Where it existed independently it was able to extract feudal unpaid labor or produce from owner-cultivators otherwise spared from the extraction of constant unpaid labor or produce via land rent and usury.

d. Monopoly Mercantile Control by the Feudal Lords

As feudalism was in its early stages and had not reached its zenith yet, rentier feudal lords acted as the merchants by disposing of whatever savings in produce remained with the peasants and in the process gouging out unpaid product from them through underpricing. By amassing rent and interest payments, and exercising various forms of command over the means of production and exchange, the class of feudal lords was able to dictate the price of peasant goods.

First, through rent collection and usury, they exercised monopoly control over the supply of goods produced by the peasants which they then were able to sell in the market.

Second, through these stocks, part of which they were able to convert into money, they lorded over and monopolized the supply of money-capital required to buy the disposable produce of peasants.

Third, by their hold over stocks of goods and supplies of money, they were in a position to wield over the means of trade -- the means of transportation and storage necessary to haul these goods over long distances. The monopoly control of the means of transport and communication explains the fact that even in the absence of ownership of certain outlying lands outside their domain, especially in the highlands, the feudal lords were able to manipulate prices through their control of money-capital for trade, and of the means of trade.

4. Feudal Overpricing

a. Medieval Overpricing Revisited

On top of the exploitation by underpricing the produce sold by laborers, feudal lords also practiced exploitation by overpricing the goods sold to the laborers -- selling them commodities at prices consistently above their value.

Medieval historical accounts disclose that the merchants cornering trade through guild organizations were able to impose higher-than-value prices on peasants buying various sorts of wares. One such description of medieval England narrates:

The defects of the system [guilds] were to be seen in a tendency to clamp down individual enterprise to discourage new entrants, to maintain a rigid monopoly, not only against aliens but also against 'foreigners' from the countryside or from neighboring towns (which often had the effect of forcing up prices,) and

through their mutual rivalries, to foment urban unrest.⁵⁸

The same phenomenon enters the scene in medieval Japan, which to Marx, "with its purely feudal organization of landed property and its developed *petite culture*, gives a much truer picture of the European middle ages than all our history books, dictated as these are, for the most part, by bourgeois prejudices".⁵⁹

A study of precapitalist Japan allows us an insight into the pricing merchant engaged:

Although the need to cut labor costs was the main reason for adopting tenant farming, another was the desire to shift to the tenants the burden of other costs, which were also rising. Writing in 1721, Tanaka Kyugu tells us that one *ryo* used to buy 50 or 60 bales of dried fish for fertilizer but would now buy no more than seven or eight, and as a result the cost of fertilizer had soared to two *ryo* per *tan* of land. A spade which once cost 300 *mon* now sold for nearly 900; horses that some years back had brought one or two *ryo* per head now cost ten or more; and so it was with straw, fodder, rope, leather, farm implements. Everything the farmers used was up in price, and up considerably more than the things he sold. This was perhaps in part due to the strength of merchant guilds with their many ways of controlling prices; at any rate the scissors movement of prices was a fact, widely complained of by the peasants.⁶⁰

This account continued in footnote:

A typical complaint on this score from a village in Kinai: In recent years,

the price of fertilizer has been high and that of grain very low; hence, the farmers are oppressed.⁶¹

The price squeeze undergoes elaboration in another portion of the study:

Although farm income was highly variable, costs were relatively rigid. The prices of the commodities the peasants bought were controlled within certain limits, by powerful merchant guilds that exercised local monopolies with government sanction. Since the peasant sold either in a free market, or in one positively rigged against him and in favor of monopoly merchants to whom he was required by law to sell, he was periodically caught in a cost-price squeeze. The squeeze was more frequent and tighter, moreover, by virtue of the fact that a single item, fertilizer, accounted for a very high percentage of his total cash expenditures; for one item could be more easily controlled than several, and this particular item was one for which the peasant could not reduce his purchases without suffering an immediate and sharp decline in income.⁶²

b. The nature of Feudal Overpricing-Exploitation

The overpricing-exploitation of the laborers in a sense is the obverse of the underpricing of their produce. In underpricing, the value of the product exceeds its price. In overpricing, it is the price that exceeds the value. In underpricing, the actual producers are exploited in selling their product. In overpricing, they are exploited in buying a product.

In underpricing, the laborers or-

dinarily dispatch their produce in its natural form, ready after processing for direct consumption. For this, they receive something they cannot personally use nor consume, not use value but money, something that has been exchanged before it can be used for consumption.

In overpricing, it is usually the other way around. Money -- that cannot be consumed as it is -- must be exchanged for something that can, whether for production as in the case of fertilizer or for personal consumption, as in the case of food and clothing.

But overpricing has something basically in common with underpricing as well as rent and lending-exploitation of the laborer.

The overprice -- the difference between price and value -- is first of all definite. The exploiter who gets this unpaid product or labor in the form of overprice is not pressed to return any part of this to the exploited. The merchant need not convert any portion of this unpaid product or labor back into paid product or labor by using this to supply the living needs of the laborers, as what happens in the slave mode.

Secondly, the relative overprice or the overprice ratio -- the overprice in relation to the value (the difference of the price and value divided by the value) does not vary in accordance with the productivity of the labor that produced it -- in short, the individual productivity of the labor resulting in the product which the overprice was taken. In formula,

$$\text{relative overprice} = \frac{\text{price} - \text{value}}{\text{value}}$$

In no significant way or to no significant extent does the individual productivity of the labor directly affect or change the relative size of unpaid product or labor in the form of the overprice ratio.

For every unit of value or commodity sold, there is a definite price reflected as a percentage of that value that does not significantly change with respect to the individual productivity of the labor that produced the overprice.

Where a certain commodity contains a certain value per unit, say 1 per kilo, and is sold at 2 pesos per kilo, for each value of that commodity the seller extracts a certain percentage -- in this case, 100 per cent overprice from the labor of the buyer, and this 100 per cent does not significantly in response to the individual productivity of the labor.

On one hand, since value is the average socially necessary labor average amount of labor for each commodity performed at an average of productivity and efficiency, using typical or average technology)

where $a_{(1), (2), (3) \dots (n)}$ = total set of production units producing a single kind of commodity

s = average social productivity in producing commodity

$1/s$ = value of commodity

$$1/s = \frac{(sx_{1(1)} + v_{(1)}x_{2(1)} + \dots + (sx_{1(n)} + v_{(n)}x_{2(n)} + v_{(n)}y_{(n)}))}{(P_{(1)} + P_{(2)} + P_{(3)})}$$

Where any individual $x_2 + y$ in any single production unit is an insignificant portion of the total $x_2 + y$, any individual product from a single production unit (P) is an insignificant part of the total commodity produced in society ($P_{(1)} + \dots + P_{(n)}$), then the individual productivity ($v_{(1)}$ or $v_{(n)}$ or $v_{(n)}$) in any single production unit will only minimally or insignificantly determine or influence the value of the commodity ($1/s$).

On the other hand, the price of any commodity is determined as a function of the following factors: (1) its value; (2) the extent of relation of the total value created of a certain commodity -- how much commodity produced in society is sold or the interaction between supply and demand; (3) the extent by which the price is through monopoly manipulated above or below the value of a commodity.

We noted earlier that the individual productivity of any single production unit only minimally or insignificantly affects the value of a commodity.

Similarly, where any single amount of product from a single production unit is an insignificant portion of the total or aggregate social product or amount of commodity produced in society, then the extent to which the product produced in a single unit is sold or not insignificantly affects the extent to which a certain amount of commodities produced in society is sold.

Neither does this individual productivity of a single production unit determine the level of monopoly exercised by merchants on the sale of goods to laborers from any single production unit.

Therefore, in all these three factors that determine price, the individual productivity of the production unit from which the merchant extracted an overprice does not significantly affect the price at which the goods are sold to the laborers.

In turn, since individual productivity of a single production unit insignificantly determines neither the price nor the value of a commodity sold to the laborers in that individual unit at an overprice, then such individual productivity in the case of all production units does not significantly impinge on the difference between the price and value of the commodity — in short, the overprice.

By way of illustration, say, a bag of fertilizer is produced at the average social rate of 1/2 labor-day (both past and present). Given the value and price of gold to be, say, 200 pesos per gram produced at 1 labor-day each, then a bag of that fertilizer would contain a value of 100 pesos.

Say, a peasant buys this fertilizer at 200 pesos per bag by selling a part of the rice produced at an individual productivity of 1 cavan per 2 labor-days.

The merchant gains an overprice profit of 100 pesos per bag at a 100 per cent overprice ratio. This overprice of 100 pesos per bag or 100 per cent overprice ratio is not significantly affected by whether 1 cavan of rice from the overprice was taken required the individual amount of 1, 1-1/2, 1-1 1/3, or 2, etc., days to produce.

Therefore, the unpaid product or value of 100 pesos per bag does not significantly vary — for all practical purposes — is constant in relation to the individual productivity of the labor (in this case, rice farming) that produce the unpaid product (rice) in the form of an overprice.

This constancy of the unpaid value or product in relation to the individual productivity of the labor — the labor that produced the unpaid product — shows in the fact that regardless of how efficient the peasant household was in using seeds, fertilizer, work animals and implements to produce the rice used to buy the fertilizer, the

merchant will receive 100 pesos per bag or 100 per cent in overprice profit.

The opposite is true in the case of the paid product or labor — that part used to sustain the laborers' household consumption. The paid product here pertains to that amount of produce from which are deducted production expenses (including depreciation of equipment) and various forms of unpaid product such as land rent, interest, underprice, overprice and gambling losses.

That amount of paid product varies according to the individual productivity of the labor that created this paid product.

In the case of the peasant household buying the overpriced fertilizer, say, it produced 50 cavans. Given the sum of the underprice and overprice incorporated into the production expenses (including replacement of seeds) of, say, 15 cavans, 35 cavans emerged as the paid product. Were the labor more productive and efficient such that 12 cavans instead of 15 were set aside as combined production expenses, overprice and underprice, then 38 cavans would be the paid product received by the peasant household.

A less efficient or productive labor that consumes instead, say, 17 cavans, will, on the other hand, yield a smaller paid product of 33 cavans.

In summary, the overpricing of goods or services sold to laborers

possessing their means of production as in medieval production involves the appropriation of a definite unpaid part of the product (the overprice) constant in relation to the individual productivity of the labor (the labor that actually created it), and a definite paid part variable to the individual productivity of the labor. In that respect, this medieval profiteering is identical to the other medieval types of exploitation already discussed, including land rent, usury and underpricing.

c. The case of Tributes, Taxes, Fines, Extortion and Land Purchase Payments as Overpricing

Informal types of land rent including tributes, taxes, fines, extortion and land purchase payments whereby the payer receives in return some amount of product or labor-service that however is not commensurate with the rent paid fall under the category of overprice.

This would include tributes, taxes, fines and extortion payments that for instance are used to fund the paving of roads that the payers do not build or maintain themselves but which they benefit from personally, as in reaching the town market. In using these roads, the tax-payers consume a certain amount, however miniscule, of product enjoyed collectively in proportion to the wear and tear this causes to the roads. If for instance

this amount of road measured in terms of labor and personally used during the year falls below the annual tax, a certain amount of tax does not accrue back to the payer and constitutes a form of unpaid labor appropriated from her or him. If this tax is paid in the form of money, then we measure the amount of road-product personally enjoyed in terms of the average socially necessary labor required to produce that amount of that kind of road-product. If the tax is paid in terms of the actual produce of the laborers, then we measure the road-product personally enjoyed by the tax-payer in terms of the individual labor performed to produce that amount of road-product.

The products or labor-services that a medieval state for instance may render back to the tax-paying peasant households may be multiple: involving roads, irrigation management and others. Similarly, the taxes usually collected by the medieval state consisted of a variety of types. Single types of taxes may each be allotted to rendering a specific product or labor-service. For instance, tolls may be used exclusively in maintaining certain highways. In this case, comparing the toll with the road-product enjoyed by the payer, would reveal whether the toll exceeds, falls below or approximates this product. On the other hand, the state may utilize a certain tax or set of taxes for a general set of products and services. Where this general set of taxes lags behind the labor involved in the production of a certain amount of products and services personally enjoyed by the

tax-payer, then he or she renders an unpaid product in the form of over-price.

Where tax-paying laborers do not pay directly these products or services channeled by the state to them but indirectly through taxes claimed from the exploiters of the laborers (whether merchants, landlords, usurers or gambling lords), then the land rent, price paid for product or services bought, produce sold and contains a component that will eventually return to the tax-payer in the form of a certain product or service dispensed by the state. This situation however was not common during the medieval period when feudal production lorded over society. Usually, labor rent given up by the peasants themselves to the feudal lord and feudal state built the products collectively and personally enjoyed by peasants, such as irrigation works and roads. Moreover, peasants paid many of this public goods directly to the feudal lords such as in the case of highway tolls.

5. Feudal Gambling

A review of European medieval economic history unravels the fact that gambling as a form of appropriating and reappropriating the labor of others was prevalent. One study notes, "In preindustrial Europe dowries and gambling had considerable importance. Although such transfers had no connection with productive activity, they could nevertheless affect

it."⁶³

The following describes the extent to which peasants practised gambling then:

Throughout the Middle Ages churchmen and kings continually made efforts to suppress gambling, and their failure to do so serves as testimony to the abiding strength of the gambling fervor. A list of the bishops of the church who sermonized against gambling goes from St. Cyprian of Carthage (c. AD 240) to St. Bernardino of Siena in 1423. In 1232 Frederick II issued an edict against dice playing, and Louis IX in 1255 made the manufacture of dice illegal. Most of the gaming during this long period must have been with knucklebones and dice; cards were not common until 1350. But these prohibitions were directed not at the game as much as at the vices that seemed to accompany them. The church was more concerned with the drinking and swearing brought on by, or manifested, in gaming, and the state was more concerned with idleness, thriftiness, cheating and crime - which may have been characteristic of conspicuous gambling. That games of chance were not in themselves thought to be evil is indicated by the invention in 960 of a clerical version of dice by Bishop Wibold of Cambray, whose intention was not to stamp out gaming but to convert it to good.⁶⁴

a. Exploitation of Gambling

When at least one of the participant gamblers in a particular game is a laborer, or when any part of the bets in a stake is derived from the labor of one or more laborers, such gambling may constitute a means of exploitation. In short, that part of the bet whether in money, kind or labor corresponding to the labor of one or more of the gamblers may

be appropriated without compensation.

When a laborer bets in a gambling game and loses, that part of his or her bet that corresponds to the labor of his or her household, goes to the winners. It is appropriated without compensation. It does not go to the laborer's own personal consumption. Rather, it is diverted away from the laborer.

Where no part of the bets of the gamblers represents their own labor or that of their household, the winning and losing in the gambling involves entirely the reappropriation of previously appropriated labor.

The gambling may take the form of one event, after which the winner may withdraw. Or, it may take the form of a series of events in the duration of which the gamblers are obliged to join.

We may mathematically describe the laborers' and the exploiters' losses, as follows:

$U_{1,2,3}$ = losing bets of labor representing unpaid labor

B = winning bet of laborer

N = winning of laborer based on winning bet

1, 2, 3, 4 = individual betting laborers

Profits of Winners = $N_1 - B_1$
= $U_{2,3,4} \dots$

= $N_2 - B_2 = U_{1,3,4} \dots$

If there are multiple winners in each event,

$$\begin{aligned} &= N_{1+3} - B_{1+3} = \\ &= U_{2,4,5\dots} \\ &= N_{1+2} - B_{1+2} \\ &= U_{3,4,5\dots} \end{aligned}$$

In a series of gambling events, each gambler may rake in net winnings if his or her winnings exceed his or her losing bets. He or she may on the other hand suffer net losses, if the reverse is true.

The unpaid labor given up by a laborer losing on a gambling bet -- $U_{G1(A)}, U_{G2(A)} \dots$ -- may have originated from a set of different units of production -- say, from their paid share of their money income farming on a certain parcel of riceland, for this season, from another parcel of rice for the same season, from farming on these parcels during the previous season, from cultivation of a vegetable crop in the backyard, etc.

In other words, these pools from which the laborer gets gambling money compose a set of varied stocks of paid labor converted into money from different sets of production units.

In turn, each piece of paid labor sourced from each production unit represents one part of the entire product produced and appropriated for each unit of production.

For instance, in the farming of a one-hectare piece of riceland during a certain season, resulting in,

say, one hundred cavans harvest, that part that was sold by, say, the tenants and spent on gambling for a certain event represents one part of the entire 100 cavans produced and appropriated in different ways.

Other parts of the gambling money thrown away through losses in betting may come from, say, the 72-cavan rice harvest on the other parcels? the 80 and 60 cavan harvests for these parcels the year before; the 200 pesos paid for the vegetables harvested in the backyard, etc.

The gambling profits therefore emanate from this set of varying production units.

Where there are labor-services being dispensed to facilitate the gambling process, such as rolling of the dice, dealing of the cards, and collection of the bets and disbursements of money to the winners, these are services eventually enjoyed and consumed by the winners as a whole.

b. Nature of Feudal Gambling Exploitation

What are the characteristics of the mode of exploitation in such medieval gambling?

First of all, whether in the case of single event or series of events, the winning gamblers are not required to maintain the losers. In short, the unpaid product is definite. Gambling does not oblige the profiteers to return any portion of their winnings as living rations to those who suffered net gambling

losses.

Secondly, this unpaid product in the form of gambling losses does not directly or necessarily respond to changes in the individual productivity of the labor that produced these profits.

Instead the extraction by or from the gambling laborer of unpaid product or labor depends on the particular factors of probability.

What is peculiar in gambling as a form of exploitation is that it offers the laborer the prospect of either dishing out unpaid product or value, or receiving it. At the toss of a coin or dice, the bettor may either throw away money or catch a windfall in line with the laws of chance. That bet is destined to take only one of only two possible directions: it may fall unpaid into the hands of others, or it may become a means so that others' products fall unpaid into one's own hands. There is no third option. Only the "wheels of fortune" determine which direction this windfall of unpaid product will take.

As to ever which way the unpaid product shall go -- whether to

or from the laborer -- has nothing to do with the individual productivity. The bet either as loss of unpaid product or its gain by hitting the jackpot is constant irrespective of the individual productivity of the labor that produces it -- always of the labor of that producer of the losing bet.

On the other hand, the paid product of the losing laborer is what remains of the share after deduction of production costs, rent, interest, underprice, overprice and gambling losses.

Using the above examples, it is the share of the produce from the two rice parcels for the past and present seasons, and the income from the backyard vegetable crop.

This, in constant to the gambling profits and losses, directly changes in accordance with the productivity of the labor that produces the bets; the higher the productivity, the larger the paid product, and the lower the productivity, the lower the paid product.

Medieval gambling then runs paralleled to the other medieval types of exploitation.

B. THE BROAD SPECTRUM OF FEUDAL EXPLOITATION

Feudal land rent, feudal interest, feudal underprice and feudal overprice and feudal gambling revenue composed the aggregate feudal

unpaid product that characterized medieval production.

The common transformation of these types of exploitation into one

another underscores their general feudal identity. Rents are often transmuted into usurious interest, as in the case already mentioned, whereby those who could not afford

to pay high taxes or formal rents were compelled to borrow at high interest rates we previously mentioned.

II. THE LEVEL OF PRODUCTIVE FORCES UNDER THE FEUDAL MODE

The feudal mode of production could not make its appearance in society at just any given point in history. It could emerge and mature only on the basis of specific conditions. These particular conditions we may refer to as the level of development of productive forces: the

rise to certain levels of development of labor-power -- certain levels of population and labor force, certain levels of technological knowledge and skills, certain levels of means of production, certain levels of interaction of labor in production and certain levels of productivity.

A. THE RISE IN SMALL-SCALE DRY AND WET AGRICULTURE

The decisive turning point in technology that allowed the feudal mode to take root and flourish was the growth in the ability of people to regularly farm extensive and contiguous tracts of land at moderate levels of productivity with the use in the main of small-scale labor.

Whereas the laboring populace could previously cultivate only naturally fertile and soft-soils usually limited to deltas and riversides with moderate degrees of productivity, now, they could engage in agriculture in soils hardened by clay and rock.

Whereas, previously, the alluvial soils suitable for farming tended to accumulate salt from the inflow of seawater, or to experience exhaustion and loss of fertility after short periods of uninterrupted cultivation, now, farming communities could sustain the richness of their lands over an indefinite span of time, and make other soils hitherto arable but only at low levels of productivity yield moderate harvests.

Whereas people could not undertake other than by large-scale labor crop-growing over wide

expanses of land though at a low degree of productivity now, individual laborers, small households and small groups of peasants were able to raise crops on their own, year in and year out over broad stretches of land beyond the riversides and deltas.

Feudal production entailed the capacity of small-scale labor to prepare, irrigate, drain and harvest far-reaching areas of land, of soils hard or soft, riverside or interior.

The advance of land cultivation involved on one hand the popularization of the light plow in areas where it might still be suitable. On the other hand, and more importantly, land preparation took a quantum leap with the creation, use and care of heavier and sturdier plows capable of tackling a wider variety of soils.⁶⁵

The improvement of tillage -- in particular, "dry farming" such as what came to prevail in Europe -- signified that tillers could soften hard soils uproot weeds and bury these deeply thereby preserving soil moisture and nutrients, plow back the stubble in depth nourishing the soil further, cultivate the ground more deeply, allowing greater room for water retention and the growth of roots, and that new techniques and tools of cultivation would permit the formation of ridges that would facilitate drainage.

For "wet farming", the development of irrigation played a crucial role equal to that played by the improvement of plowing for "dry farming". Rice culture, in particu-

lar, on which farming in Asia centered, largely rested on the ability to build and maintain paddies throughout the farming season. Since much soil was soft, laborers did not need heavy plows to till the soil, remove the weeds and plow back the stubble. Compared to dry farming, it was more important in wet farming to harrow the land and thereby smoothen it to accomplish the critical task of careful irrigation.

An improved irrigation system for wet farms was critical in the sense that the ability to maintain a sufficient and constant level of water in the paddies could mean large decreases in yield, or poor growth, causing in turn susceptibility to pests or diseases. At the same time, the improvement of the irrigation system as a prelude to the rise of the feudal mode in tropical areas spelled the ability to produce regular and sufficient supply of water to paddies and to extend the paddies to interior areas with the use of small-scale labor.

In the areas dominated by dry farming such as in the Mediterranean the development of improved irrigation systems set the stage for the cultivation of new food crops such as vegetables, and fodder crops such as alfalfa, by small-scale labor.

The introduction of sickles to harvest the crops made it possible to leave the lower portion of the plant to be harvested or plowed back thus enhancing the richness of the soil. Likewise, the sickle allowed the peasant to harvest quick-

ly, in order that, for dry farming, the peasant to harvest could plant in time for the rains; and, for wet farming, the peasant could store his grains before the rains destroyed them. Most important, the sickle favored farming by small-scale labor of contiguous, extensive land areas.

B. FEUDAL LEVELS OF PRODUCTIVITY AS THE FOUNDATION FOR FEUDAL EXPLOITATION

The capacity of the feudal lord to appropriate constant unpaid labor or produce hinged partly on the level of development of productive powers of the peasant. The development of the level of productiveness of small-scale labor yielded a regular and moderately-sized product sufficient and reliable enough not only to feed the small-scale laborers throughout the year. It sufficed also to supply unpaid labor or produce that would guarantee the subsistence of those who controlled the means of production.

The productivity of the feudal system, though moderate, was adequate enough that the feudal exploiter no longer had to take command of the laborers' entire labor-power so that he could assure himself of his and his offspring's continued existence. He no longer found it compulsory to control the entire produce and labor-service of the laborers in order that he could dispose an indefinite, variable portion of this for their own survival and set aside another indefinite,

variable part for his and fellow exploiter's own sustenance, if not abundance.

The regularity and the substantial level of the surplus product per family or household made it feasible and desirable for him to already demand a definite, constant portion of the peasant produce or labor in the form of rents, interest, underprice, and overprice. In that manner, he secured his and his family's own subsistence if not, prosperity. Meanwhile, the variable, paid portion of the peasants' labor and product -- their share of the crop after all forms of extraction plus such products as vegetable, fish, meat and cloth that their sideline production provided, depending on their productivity -- could more or less furnish their household's means of livelihood.

The capacity of the peasants to generate a continual constant unpaid product or labor-service leaned heavily on the productivity of small-scale labor. Marx recognized this fact when he stated, "That peasant agriculture on a small-scale, and the carrying out of independent handicrafts . . . together form the basis of the feudal mode of production. . . ." ⁶⁶

C. THE DOMINANCE OF SMALL-SCALE FARMING LABOR

Small-scale labor signified that farm work was largely carried out by peasants individually, as members of one peasant household

working together, or as teams of peasants numbering no more than nine and belonging to several households.

Peasants laboring singly in small land allotments, or by plow teams of no more than six peasants each in the larger landholdings usually prepared the land. Dike fixing in the tropics commonly involved only one or two peasants for every farm. And so in the case of feeding and tending the horses, oxen, water buffalos and other draft animals. Weeding by hoe or hand demanded as well no more than the joint labor of a single peasant household.

In contrast to other tasks, communal peasant labor often undertook reaping. Although such appeared to be a sharp departure from the general small-scale character of medieval labor, the peasant household alone could very well shoulder harvesting under prevailing conditions of production though with less likelihood that the harvested grains would not be rained out, or that the next crop would be sown on schedule. Communal production -- a vestige of the semi-communal society of old -- therefore boosted the prospects of adjusting to the demands of the season.

Threshing likewise was ordinarily a household affair. The same with carting the produce to the feudal lord's house or storage bin, the peasants' dwelling place or the village market. And so with the tending of vegetable gardens.

D. SMALL-SCALE FARMING LABOR IN SUPPORT OF SMALL-SCALE ANIMAL HUSBANDRY, FISHING AND FORESTRY

The productivity of small-scale labor, especially in the production of grains, laid the grounds for the other fields of agricultural work to develop a pace with it though in a supporting role.

In the same way that such productivity led to the cultivation of vast expenses of cropland, so it paved the way for the expansion of animal husbandry.

Whereas in the past, peasants would merely graze cattle on natural pasture, the making of artificial meadows and the growth of fodder cropland allowed stall-farming to develop and help improved stockbreeding. In Europe, the development of irrigation was crucial in rendering these artificial meadows productive.

In what ways did more productive crop-growing support animal husbandry? Firstly, the more productive raising of crops for feeding humans opened the door for more land to be planted to crop for feeding animals, or for more land to be cleared for more land to be cleared for pasture.

Secondly, the improved methods associated with the production of food crops and their application to animal-feed crops gave room for a greater yield of crop using a given quantity of labor.

Thirdly, the clearing of lands for artificial meadows spawned like wise a greater productivity of labor since it lessened labor-time involved in transferring from one natural meadow to another.

Fourthly, the greater productivity of food-crop growing gave peasants time to participate in animal husbandry on a part-time basis.

Fifthly, the expansion of fodder crop production and the creation of artificial meadows gave rise to the increase in the productivity of the herd itself by means of breeding technique.

In turn, animal farming as it grew boosted crop-farming: One, it helped fertilize the soil through manure. Two, it helped raise the oxen, horses and water buffalos needed by the peasants in their work. Three, it bolstered the peasants' capacity to work since it supplied protein lacking in a diet consisting solely of cereals.

In the parcels of pasture land allotted to each peasant household in the medieval estates, the male household head and a chosen child or two would graze their own stock of cattle, horses or water buffalo while tending the herds of the lord. The female household head or one or two of the children in the household would ordinarily feed the smaller animals such as the pigs, chickens and ducks.

The productivity of small-scale crop-growing made the ground fertile for the spread of small-scale fishing. More grain, fruits and vege-

tables produced and less time to produce a given quantity of these gifted the laborers with more time to attend to other occupations and more food to replenish a bigger labor force.

Peasants took to fishing to furnish additional protein food for their families, as well as obtain added income by selling excess catch. As in most other lines of work, peasants fished individually or in small groups. Peasant men and women especially those in the coastal areas would also now and then engage singly or together with fellow members of the household in the making of fishing traps and nets.

The gathering of forest products gained ground with the heightened productivity of crop farming. A larger population that could be fed, made necessary more housing materials and firewood for fuel. Furthermore, by the growth in handicrafts that accompanied the rise in the productivity of crop-growing compelled labor in the forest. In a more direct way, the clearing of the land that went with the expansion of the feudal mode further encouraged the gathering of forest products. Again, the gathering of forest products was a small-scale undertaking.

E. SMALL-SCALE FARMING LABOR IN SUPPORT OF SMALL-SCALE HANDICRAFTS AND DOMESTIC LABOR

As with animal husbandry, small-scale peasant handicrafts benefited directly from the rise in the productiveness of crop farming. Less labor-time in food production and the capacity of every actual producer by his or her own individual or small-group labor to engage in food production enabled the wide majority of working households to occupy themselves in handicraft production.

Less labor-time spent in growing enough crops for subsistence spelled more time for peasant women working alone or in small groups to spin thread, weave, cut and sew cloth, knit or crochet, for peasants of both genders to weave baskets and mats during their spare time.

In addition, the greater productivity in growing such crops as cotton, indigo and abaca and in the raising of such animals as sheep, cows and pigs advanced the production of handicraft products such as cloth and leatherware. Increasingly, small-scale peasant agriculture serve to supply the raw materials needed by small-scale peasant industries.

Peasants made some products with such regularity, in such volume and for such long periods that these became a source of constant unpaid labor or produce for the

feudal lords. Those peasants who attained a high degree of specialization in particular lines of craft and thus established new divisions of labor among their fellow peasantry relied on the productivity of small-scale crop labor for their subsistence. Medieval craftsmen, even those in the towns, were also part-time farmers cultivating at least a garden, if not several parcels of land.

That peasants would carry out their own independent handicraft activities in consonance with their small-scale agriculture Marx pointed as a basis of the feudal mode. These independent handicrafts in addition to other peasant lines of work which included garden production and animal husbandry were to the peasantry a wellspring of variable, paid product.

Domestic labor as with the other facets of peasant work was small-scale. This encompassed cooking and food preservation—one, which was usually done by peasant women, two, which could be considered an essential component of food production, and three, which was therefore important in maintaining the peasant households' capacity to work.

Raising and educating children too, formed an important part of overall productive activity. To be

gin with, it provide for the replacement of the peasants' labor-power or the regeneration of the peasantry. Moreover, by training children in various aspects of peasant labor, it helped introduce new labor-power alongside the old. Even before puberty, peasant children became accustomed to various forms of labor.

The greater food surplus furnished by more productive small-scale farming and the advantage of plentiful small-scale manpower under conditions of the further and vigorous growth of productivity during the early stages of feudalism stimulated the rapid reproduction of the peasantry. Early marriage and the raising of large families

though offset partially by infant disease and malnutrition was the order of the day.

More children per household meant more time for adult members of peasant households to engage in work other than that which could be done by children, such as weeding the fields, putting the cattle or carabaos to pasture, cooking and house-cleaning.

The rapid growth of the peasant labor force underpinned the rapid expansion of the feudal mode, and it served for the further productivity of peasant labor since more time could be spent by adult peasants on the major aspects of peasant work.

III. SELF-SUFFICIENCY OF THE PEASANTRY

A. THE DOMINANCE OF SELF-SUFFICIENCY AMONG THE PEASANTS

Peasant self-sufficiency showed itself in two ways: the bulk of whatever they consumed they themselves produced. Their means of subsistence - cereals, meat, fish, vegetables, milk, cheese, fuel, cloth-ly and large derived from their own labor.⁶⁷

During the classical medieval period in Europe, especially until the early 14th century, self-sufficiency in the main characterized the economy, including the towns.

The following account depicts this,

The town got bigger; the greater part of their population was made up of men who were all but peasants and drew their own and their neighbors' food from their personal lands, graced sheep and grew fines; the towns also became the centers of many seigneuries (estate--- Author) and produce from the surrounding countryside came in direct without going through the exchanges. Hence only a limited proportion of the urban consumption of foodstuffs and raw materials was bought from the countrymen.⁶⁸

What was behind this peasant self-sufficiency? Primarily, the productivity of their small-scale labor--

particularly, farming and animal-raising labor--which enabled them to produce a variety of food enough not only for their own households, but also for the feudal lord's sustenance. It reinforced their abilities to pursue various other fields of small-scale work, productive enough to generate enough for the individual peasant households' needs and wants.

Part of their means of consumption they did not themselves produce. And it was the equivalent of this -- in the shape of part of their produce -- that they sold or exchanged for those products they themselves did not produce.

From time to time, the majority of peasants would sell some chickens or quantities of grain to buy such things as salt, fish, plows and knives. This reflected a social division of labor among whom we find part-time artisans, salt-makers, fishermen and the like.

A historian avers,

Excavations in central Europe, Russia, England and in south of France are accumulating evidence of the versatility of village smiths in making little household articles, and of the skills and activity of potters. The popular notion that peasants bought only iron farm tools and salt, relying on their wives to make everything else wanted, is for this and other reasons no longer tenable.⁶⁹

Self-sufficiency did not mean that the broader mass of the peasants enjoyed a satisfactory standard of living. On the contrary, most of them were only able to eke out a miserable existence. Their

self-sufficiency was a kind dominated by the poverty caused by feudal rents, interests, underpricing and over-pricing.

The poor peasants relied on a diet consisting mainly of cereals and vegetable, and consumed inadequate quantities of food such as meat, fish, eggs and milk. In fact, they derived their protein principally from cereal. Their places which they themselves put up were usually made of light material such as thatch, mud or bamboo that were easily worn out or destroyed by the elements. Their clothing was greatly limited to the small quantities supplied by their household industry, or bought in exchange for the small portions of the produce they could afford to sell.

B. EXCHANGE IN THE MIDST OF BASIC PEASANT SELF-SUFFICIENCY

Feudal underpricing develop on the basis of a steadily eroded but lingering domination of natural economy. Throughout the period of the maturation of feudalism, there already existed some social division of labor and trade among the peasants.

In the classical development of European feudalism, however, it was the emergence of money rent that gave initial impetus to a substantial change in the mode of exchange. As a result, a significantly large portion of peasants' produce instead of being directly paid as rent, was now exchanged for

money and paid as rent. Therefore to supply their households, the peasants had to rely partly on the purchase of grain in the market.

It took an even further development to initiate a qualitative lean in the mode of exchange. And this transformation in the mode of exchange would be the initial manifestation of the dissolution of the classical feudal mode and its transformation into another one: the emergence of agriculture as source of raw materials to urban guilds, manufacturing and, later to rural-based industrial capital. However, since this involved a fundamental transformation of the feudal mode of exchange, it is better discussed in another section of this study.

Directly or through merchants, part-time-fishermen-peasants along the coast would exchange their extra produce such as dried fish with the dried meat products of cattle-raising peasants, and so forth. This meant that a part of their produce would be devoted to exchange instead of direct consumption. Conversely, a part of their produce going to exchange was also a minor part of their share of produce, just as that part of their means of subsistence coming from exchange was always a minor part of their means of subsistence.

With regards to the feudal lord's share of the produce, an increasing part of it would actually end up in exchange. As has been mentioned already, the strengthening of feudalism entailed an enlargement of armies, the clergy and a network of lay officials. This in turn would

stem from the increased productivity during the early period of feudal development. As the individual feudal lords were to amass more and more lands in their hands, their unpaid produce would surpass that necessary to support other members of their class through taxes, donations, etc. There would be some part of unpaid product available for exchange with other unpaid product in the hands of other feudal lords.

Exchange would thus ensue among feudal lords of different societies, regions and continents, with merchants acting as intermediaries conducting the buying and selling of the surplus products. Goods such as cloth from Flanders and Italy would, for instance, be exchanged for wool, grain, cheese and metal in the hand of British feudal lords.⁷⁰

This exchange among feudal lords was a feudal mode of exchange within the confines of the entire feudal mode of production and exchange.

First, the unpaid surplus product from which the lords took the goods to trade was founded on the relationship between feudal lord and poor peasant -- the extraction of constant unpaid labor or produce that took place without any real exchange taking place between the two. As has been explained earlier, the feudal lord offered no real product or labor-service in exchange or the constant unpaid product or labor-service that the peasants gave him. Exchange in this case was founded on non-exchange.

Secondly, while an increasing and even larger part of produce in the hands of the landlord were sold, that share of the product that went to the peasants went largely to their own consumption. And exchange between feudal lords did not mean the destruction or overthrow of what principally characterized the feudal mode of exchange -- the basic self-sufficiency of the peasantry.

Whether the feudal lord largely sold or consumed his share of the

C. MONEY RENT IN THE CONTEXT OF THE FEUDAL MODE OF EXCHANGE AND CIRCULATION

The same with money rent, money rent by itself did not change the feudal mode of exchange. It only meant that the constant unpaid labor or produce had to take a form different from its original form as actual produce before it was appropriated without exchange. In other words, an exchange had to occur which would transform the actual produce to money before the essential appropriation of constant unpaid produce without exchange could take place. The fact that the feudal lord, by demanding money rent would live off produce not directly coming from his own peasants did not mean that his own peasants would necessarily and also live off produce they themselves did not make.

In fact, to the extent that money maintained the peasant at a level of barest subsistence by encouraging higher rents whenever

product did not at all determine the mode of feudal exchange. This was simply because in the first place the feudal lord, unlike the peasant, was not self-sufficient in the sense that he depended not on his own labor but on surplus unpaid labor. Moreover, the peasantry composed the bulk of feudal society. What would constitute the main character of the mode of exchange in that society would necessarily hinge on the mode of exchange by and for the peasantry.

productivity rose, it reinforced the feudal mode of production and exchange by discouraging any sale by the peasants of their surplus. To the extent, however, that by encouraging higher rents, it stretched the feudal mode to a point where it could not support even the barest minimum subsistence of the peasantry, it helped weaken the feudal mode.

By paying money rent, the peasants would bear the added responsibility, aside from creating unpaid produce, of converting it into money-form by selling it to the merchant and then giving the money as rent to the feudal lord. This eased the flow of trade by feudal lords in whose hands now fell a sum of money immediately available as trading capital.

At the same time, money rent added to the labor of producing the product the labor of carrying and

transporting the unpaid product to the place of exchange and then transporting this to where it could be appropriated by the feudal lord. This directly increased the oppres-

sion of the peasantry and highlighted the unproductivity and luxury of the feudal lord class, thereby revealing even more the antagonism between the two classes.

IV. BONDAGE OF THE PEASANTRY TO THE MEANS OF PRODUCTION AND SUBSISTENCE

A. THE NEED FOR FEUDAL BONDAGE

In the slave mode of production, ownership of the entire labor power of the actual producer was necessary to consolidate the control over that labor-power and to perpetuate that system of exploitation indefinitely.

By owing the whole of the slaves' labor-power, and thus their entire produce, the master could make the slaves give up an indefinite, invariable product or labor-service that reflected the generally low level of productivity of their labor, and time.

With the internal collapse of the slave mode and the advent of the feudal mode, such a form of bondage was no longer workable and ceased to be essential. Now, to ensure that the peasants labor on the land for the feudal lord and surrender to him a constant unpaid labor-service or product, he had to bind them to the means of production -- especially to the land and to those laboring on the land.

To make certain the continuity of the feudal exploitation, the class of feudal lords had to evolve ways and means of guaranteeing that the peasant indefinitely continue to work on the feudal lord's land.

At the dawn of feudalism, as it emerged from the night of slavery the feudal lord class could not deal with the peasantry in the same way that the slave-owners dealt with the slaves. The feudal lords could no longer command the peasants as if they were their chattel, possessing the "slave-owners' right" to acquire and dispose of their laborers as they wished.

To justify the overthrow of the old mode, exploiters needed to devise new methods more in keeping with the feudal mode of surplus extraction. Distinct from the slaveholders' control and command of the slaves and yet closely resembling it, as if a scar from a wound, the feudal lord would in the early days impose an indirect tying of the peasant to the lord by tying the laborer to the means of production, to the land.

B. FEUDAL SERFDOM

Let us review the various forms of this bondage.

During the initial stages of feudalism, the peasants were forced by decree and military might to remain in their landholdings indefinitely. To violate this invited punishment by the feudal state. In other words, they were serfs -- without freedom to move outside the vicinity of his farm as he wished. To settle down and lie far from the feudal lord's house, and away from the manor, the serfs had to make a certain payment -- another source of constant unpaid product. Indeed, a major task of the feudal state was to hunt down and punish runaway serfs by imprisonment or execution.

Several Western historians, have emphasized this point as in the following:

But the rule of bondage to the soil was not applicable if the state was not strong enough to track down runaways, and if necessary, impose its will on those who gained by welcoming them . . . You cannot have a peasantry effectively bound to the soil without a strong central police authority, as in the Roman Empire; as in Tsarist twelfth or nearly thirteenth-century France.⁷¹

Toward the peak of feudal rule, serfdom was no longer an absolute must. The sheer monopoly of land by the feudal lords often compelled the peasant to remain in their respective land allotments.

Since at the onset of the feudal era, the prospects of transferring to other lands that they could clear were open to peasants, the feudal lords and the feudal mode had to develop that monopoly control of the means of production so that they could expand it to cover as wide an area as possible. Everywhere the peasant turned -- the forests, woods, meadows, swamplands, riverbanks -- the land was increasingly subsumed under the domain of feudal lords.

The prospects of leaving his land allotment only to face the possibility of having no land to work, or to work elsewhere but under the same general conditions of feudal control, rent, usury and pricing, discouraged the peasant from leaving his allotment in between farming seasons.

C. FEUDAL BONDAGE BY POSSESSION OF THE MEANS OF PRODUCTION

The second form of bondage involved the ownership or possession of the land by the laborer. Non-landowning peasants were also bound to the soil by tenancy arrangements, in other words, by possession of the land. To share in the harvest, obliged the tenant household to cultivate, plant and weed the crop until harvest-time. They were pressed to preserve the land's fertility, porousness, irrigation and drainage. Without staying in the land allotment, thereby neglecting the crop, the tenant-laborers were confronted with the

possibility of having nothing or little to harvest. This meant on one hand, that they would have not enough or no produce to pay to the feudal lord as land rent. On the other hand, this signified that they would have not enough or no produce to renew their own capacity to work or labor-power. The very survival and reproduction of the peasant household rested on the extent to which it devoted everyday attention to its crop.

Since the paid portion of the peasants' product and labor-service — that part they would consume for themselves — depended on their productivity, they were impelled to work in such a way that their share of the product would not fall short of the necessary product. Since the paid product which varied in direct proportion to their productivity could possibly suffice to keep them alive but at a starved and malnourished state, the peasants strove to boost their productivity to first of all avoid starvation.

The more intense and the more frequent attention the peasant household could pay to the crop, the greater would the harvest be and therefore the greater would the chances be that there would be enough to meet its minimum needs.

Wet rice farming in the tropics necessitated the day-to-day monitoring of the water level and presence of weeds in the paddies, and the repair of the dikes from time to time. The daily supervision of the water level or the conditions of irrigation in the tropical rice farms made up an indispensable part of

the small-scale wet-rice farming technology, labor and productivity.

The laborers were thus motivated to bind themselves as closely as possible to their means of production, in this case, the land.

In addition, the motive of enjoying the variable paid produce from backyard gardening, animal husbandry and other sideline occupations further attached the peasants to their landholdings. This reinforced the requirements that the peasants be confined to their land allotments day after day.

At the same time, the variable character of the peasants' paid produce and labor-service goaded them not only to prevent the paid product from sinking below the necessary product but also to raise their paid product above the necessary product -- to generate a surplus product, part of which they themselves would consume. It offered the prospect of plenty for the laborer via the route of higher productivity, at the price of tying one's self to the soil.

This daily watch over the crop performed another function besides ensuring higher productivity. It assured the peasant as well that his productivity would not go to waste as a consequence of theft, pillage and pestilence.

In all three basic types of land rent, theft, pillage or pestilence would necessarily reduce the paid portion -- the peasants' share -- of their produce. In quit-rent, since the constant paid product going to

the feudal lord was a definite amount, whatever was taken away by thieves or by nature had to come from the peasants' share. In the case of partiarly rent, the part of the crop before harvest lost to stealing, plunder or attack by pests would be taken from both the feudal lord's and the peasants' share. In the case of labor rent, the reduction of the harvest in the peasants' own landholdings as a result of the abovementioned reasons would entirely be taken from the peasants' share of the crop.

In all these three cases, such eventuality would further deprive the laborers of a certain part of their paid produce. Likewise, in all three cases, the forces of crop reduction would either eat up a part of the whole of whatever surplus produce there might be, or even a part of the necessary product of the peasant.

In contrast with slavery, the form of appropriation of surplus labor -- a constant unpaid portion for the feudal lord, and a variable paid portion for the laborers -- supplied a stronger incentive for the peasantry to labor and render unpaid labor -- to work and be exploited -- under the given conditions of productivity.

If feudal imposition and tenancy bound the non-landowning peasants to the land the owner-cultivators, both formal and actual, fell into bondage to the land not so much by their very actual or formal ownership of the land, but by their possession of it. This land-ownership required them to keep a

close watch on the crop from land preparation to planting to harvest if they were to ensure that the crop would be growing properly and safe from pillage of theft.

Ownership and possession of tools and work animals locked the peasants as well to the land and their means of production. As owners of tools and draft animals, they were impelled to use these as much as possible to maximize their access to production in their allotment, conduct day-to-day farm activities which would not be possible if these had to be borrowed from time to time, and thus gain additional variable produce. Possession or stewardship over these instruments meant that the peasant household would be responsible for their repair or replacement in the course of their use and depreciation.

Ownership and possession by the peasants of plows, harrows and work animals opened up to them the prospect of multiplying these and acquiring larger land allotments. In addition, with these in their possession, they could raise their productivity by taking better care of the tools and draft animals, or by improving them through manufacturing or breeding.

They were encouraged to use these as a lever to reduce rent, since otherwise, they would have to pay for the rent of tools and draft animals, besides paying land rent.

Throughout the medieval period in Europe, the feudal lords themselves spurred on the peasants

to own their work tools and animals. First of all, this lessened the need for the lord to supervise the maintenance of work implements and animals. Second, it eliminated or minimized the risk of losing these through theft or disease. Third, it fostered a bondage of the peasant to the soil.

D. FEUDAL DEBT BONDAGE

The third form of tying the peasants to their means of production was debt bondage. Ordinarily, the constant unpaid produce or labor demanded -- in particular, the land rent -- were such that the peasant household commonly could come up with it, and be left with enough for its own subsistence. And yet, the level of the productive forces were also such that natural calamities such as floods, typhoons, drought, pestilence and the like would every now and then wreak havoc on the peasants' production. Though feudal lords on such occasion sometimes lowered land rents below the usual, these often were high enough that the peasant were not immediately able to pay them. There upon, they would be committed to pay back rents during the following seasons. These then would constitute a form of debt due to be paid with a certain time period, say, three years, until the back rent was paid, the peasant in debt was obliged to remain in the feudal lord's estate lest he be incarcerated or punished in another manner.

An account of credit in medieval Italian sharecropping arrange-

ments relates this effect:

In Tuscany, most tenants owed prestanze, credits advanced by the lord of money, seed, food and sometimes even clothing; and although such loans formed an integral part of sharecropping, to be cleared off by seasonal payments or at the termination of the contract, they could easily accumulate into a permanent bond of debt ... But change their holdings, and by this restriction, as pointed out by eighteenth century observers, *mezzadri* (sharecroppers -- Author) could be tied as firmly to the land as any of their villein ancestors.⁷²

Such natural disasters and large necessary expenses incurred by the peasant households from time to time left many peasants after paying land rent short of their means of subsistence. They had no recourse but to borrow from the feudal lord who lent with or without interest. Until the loans were repaid, the peasants in debt were stuck to the estate.

By means of credit and occasional dole-outs especially during emergencies, the class of feudal lords created and fostered the illusion that the peasants "owed them a debt of gratitude." Where no interest or repayment was sought, the feudal lord made it appear that in exchange for continued survival or activity of the peasant-borrowers was their obligation or commitment to remain under his domain and be available for exploitation. In the case of usury, even this "obligation" was demanded by the feudal lord in addition to the interest, inasmuch as the "benefit of the loan" was supposed to have been extended to the peasant-borrower before

the loan was paid back.

Just as feudal rent was based on the illusion of the equal exchange of constant unpaid labor and product with the military protection of feudal rule, in usury there pervades the illusion that the loan rightly belongs to the feudal

E. FEUDAL BONDAGE OF THE MEANS OF SUBSISTENCE

A means of bondage of the laborer to the means of production was tying them to certain means of consumption that entailed them to remain attached to the means of production. Apart from the food crops, vegetable gardens and backyard livestock raising, we specifically refer to houselots and houses located within the feudal lord's domain. As a rule, along with the "right to work the land", lords "granted" to the peasant's the "right to live on the land".

Where residential land could not otherwise be had without a house and/or houselot rental of some other obligation demanded by other obligation demanded by the houselot owner, it became an incentive for peasantry to bind themselves to agricultural land in order that they may avail of the houselot. What further prodded the peasant

lord and originates from him. Hidden is the fact that the loan was merely a part of the peasants unpaid product that was now requested to be returned momentarily to the peasants as necessary means of subsistence or activity to be rendered once again to the feudal lord creditor.

to fall under this bondage was that agricultural tenants were often required to pay land rent after one farming season, or even after several seasons, whereas tenants of house-lots and/or houses were ordinarily made to pay as soon as they began to reside in the rented dwelling place.

Just as the prospect of residential land and a dwelling-place with no nominal house-and-lot rent enticed the peasant to tenant the land, so did it tend to keep him tied down to it once he had started to live on it.

Marx in footnotes reminded his readers,

We must never forget that even the serf was not only the owner, if but a tribute-paying owner, of the piece of land attached to his house, but a co-possessor of the common land.⁷³

V. FEUDAL CONTROL OF LABOR-POWER AND THE MEANS OF PRODUCTION

What was behind the freedom of the feudal lords to appropriate unpaid labor in the form of land

rents, interest, underpricing and overpricing?

A. THE ESSENCE OF FEUDAL LANDED PROPERTY

It is often said that the basis of the feudal exploitation was land ownership or landed property. If these terms were meant to refer to legal or formal ownership of the land, then such an assertion would not hold water in the face of the facts. It must be remembered that even without the benefit of legal ownership, the church could exact tithes, warlords would demand tribute, the state could gather taxes and tenants possessing large landholdings could sublet part of these to fellow peasants. Thereby they could collect land rent on land they did not formally or legally own.

A more accurate interpretation of the concept of landed property or land ownership would describe it to be **the exclusive power to dispose of the land**: the power to dictate how the land could be used. This would include the policy on what kind of production could take place there, what kind of products could be made and in what way products are to be distributed. In short, actual control of the land and its product. Marx put it this way: landed property presupposes that

certain persons enjoy the monopoly of disposing of particular portions of the globe as exclusive spheres of their private will to the exclusion of all others.⁷⁴

Such an understanding of landed property or land ownership in that sense would clearly conform to the reality of the forms of medieval rent as illustrated above. Without the instrument of legal or formal ownership, these rentiers were able to decide on what products would be produced in that land and what amount or portion of this would be allotted to them. This would also cover the usury, the overpricing and underpricing perpetrated during feudal times.

On the other hand, as Marx noted, peasants who lived off lands they actually owned were also exploited by means of rent-extraction. By this, he particularly referred to labor rent, under which:

... the direct producer devotes one part of the week, with tools that belong to him either legally or in practice (plough, draught animals, etc.) to land that is in

practice his own, and work for the landlord on his estates without reward.⁷⁵

In other words, the "pure" corvee rentier or one who lived by labor rent alone was aloof as to what went on in the land from which the peasants made a living. He was indifferent as to how this land was used: what crops the peasants planted in their own land, and what they did with their harvest from their land. He did not therefore wield any actual ownership or exercise any actual proprietary rights or control on this land itself.

What is important to him was not this land itself or what was done on this land itself, but what the people who lived off that land did.

To put it differently, what was vital to him is that the peasants who lived off their own land or the land they actually owned performed corvee labor or did work for him for free on the land he owned. It is not the control of the land itself the peasant lived off that the corvee rentier was concerned with but the control of the peasants themselves, their labor-power. By demanding a certain amount of work on his land, he was able to dispose of that labor-power, to decide how it was to be used.

The basis of feudal exploitation is therefore not only and not primarily landed property and land ownership in the sense that the feudal lord exercises control over the nature of production and the appropriation of its product on the land. But it is also more importantly the authority over the land insofar as the feudal lord controls the peasants and the disposition of their labor-power.

B. THE BASES OF FEUDAL AUTHORITY

What is the foundation of the authority? The bottomline policy on the labor-power of the peasant is his capacity to enforce whatever he dictates or coerces the peasant into following his dictates.

When the warlord first instituted "protection" this ability to use force against the peasants was concealed by the circumstance that the force the warlord unleashed was initially directed against the slave raiders, plunderer and the arbitrary extortionist.

As these threats subsided, the force that the warlord brandished at first against these elements increasingly turned against the peasants themselves at the beginning, in the form of threat and eventually in its actual use. The feudal lords brought the mailed fist to bear down against those who would not render the rents demanded, come across with the interest payments, dispose of their goods at an underprice or contest the monopoly of the means of trade.

The authority of the feudal lord essentially rested on military capability, either personally as a warlord, or of his class as a whole through an organization that acted on his behalf -- the feudal state. This was the armed organization directed by the feudal lords in collaboration with one another, and performing a military service for their class.

Certain historians point to the cavalry as the source of the medieval rentier's military strength and eventually their authority over the peasants. According to Archibald Lewis,

... since only the large land-owner in the West could afford to equip themselves with the heavy war horse and its expensive equipment that was now required for battle, it was the class that came to monopolize military power. ⁷⁶

... the Emperor Nicephorous abandoned Heraclian and Isaurian reliance upon foot soldiers and turned to a heavily armed cavalry as the elite arm. This change favored the large land-owners and facilitated their rise as the dominant class ... ⁷⁷

The feudal lords wielded military labor-power in the form of soldiery, and the means to sustain it in terms of food, clothing and other provisions during period of rest and training. In addition, it possessed the means of war such as armor, weapons and warhorses as well as the capacity to pay for the production of these instruments of war. By using their ability to dispose of such food surpluses mobilize and lead their military organizations, the feudal lords and their state were in turn able to consolidate their control over the peasantry.

The medieval church too exercised a degree of control over the peasants' labor-power in a form tied to and yet distinct from military rule. By cultivating among the peasantry ideas and attitudes that justified, encouraged and buttressed

feudal exploitation, the church authorities performed a special ideological service for the class of feudal lords. As a historian of medieval England observed,

The church had its own weapons to compel the villagers to fulfill their obligations. It was a positive duty of parish priest to excommunicate those who failed to pay their tithes. ... men learned by eye and ear rather than rational apprehension and lessons so learned issued principally in emotions whether fear of hell, hope of salvation, thankfulness or humility. The emotions were important in persuading many villagers to be generous to their churches. ⁷⁸

The prospect of "escaping from the fires of hell" and "the attainment of eternal grace and bliss in the kingdom of heaven" by paying religious dues drove many peasants to part with a portion of their product or labor-power. Such ideas, insofar as they activated the laborers to enter into or persist in exploitative conditions made up part of the essential relations of production that marked feudal society.

The productivity of the peasants themselves made control over them feasible. The form of the productivity of the peasants in fact shaped the military capabilities of the feudal lords. The ability of the cavalry to cover long distances and hold sway over wide tracts of land adapted itself to the nature of medieval production -- the cultivation by peasants of large continuous expanses of interior lands. At the same time, the feudal state expands of interior lands. At the same time, the feudal state and its mili-

tary component increasingly evolved into a parasitic institution that did nothing to create any part of the product of the peasant yet increasingly sucked up their labor in the form of heavier taxes.

C. "EXTRA-ECONOMIC COMPULSION" RE-EXAMINED

It is often averred that the distinguishing characteristic of the feudal mode according to Marx is that the surplus labor can only be extracted by extra-economic means. Take this quote from Volume III of Capital,

Under these conditions, the surplus-labor for the nominal land owners can only be extorted from them by extra-economic compulsion, whatever the form this might assume. ⁷⁹

Let us situate this isolated sentence in the broader context of Marx's broader discussion. This particular statement is found in Marx's discussion of labor rent. Marx begins this exposition with a general description of labor rent: "where the direct producer devotes one part of the week, with tools that belong to him either legally or in practice (plough, draught animals, etc.) to land that is in practice his own, and works the other days of the week for the land on his estate without reward". Then he proceeds to explain why this form of ground rent belongs to the domain of feudal land-rent exploitation:

... rent and surplus value are identical. Rent and net profit is the form in which the unpaid surplus labor is expressed. This surplus over and above the necessary means of subsistence, the nucleus of what appears as profit in the capitalist mode of production, is thus entirely determined by the level of ground rent, which here not only is, but actually appears, as directly unpaid labor. ⁸⁰

After which, Marx goes on to say that as in all modes, the serf products must provide for his own subsistence as well as replace the means of production. Following this, he indicates that where the laborer possesses the means of production (a feature of feudal production) then

... the property relationship must appear at the same time as a direct relationship of domination and servitude, and the direct producers therefore as an unfree person ... ⁸¹

In the next statement, however, he shifts gear and proceeds to describe the direct producer "in this case" pursuing "his agriculture independently, as well as the rural domestic industry associated with it". In addition,

... this independence is not abolished when, as in India for example, these small peasants form a more or less natural community, since what is at issue here is independence vis-a-vis the nominal landlord. ⁸²

It is this discussion which immediately precedes the above-mentioned statement of Marx on "extra-economic compulsion". It is

the above including the last two sentences which qualify Marx's description that is referred to by him as "these condition" by which "the surplus labor for the nominal landowner can only be extorted from them by extra-economic compulsion."

To immediately clarify these points, Marx makes mention of a contrasting economy which differs from the abovementioned economy on two points:

... this differs from the slave or plantation economy in that slave works with conditions of production that do not belong to him, and does not work independently.⁸³

What is therefore contraposed to other economies is not only a general feature associated with all feudal forms of economy-- the possession by the laborer of the means of production -- but also the fact that the laborer works independently.

In a preceding portion of the discussion, Marx elaborates:

... the labour of the direct producers for himself is still separate both in time and space from his work for the landlord, with this latter appearing directly in the brutal form of forced labor for a third party, where surplus value and rent are not only identical but the surplus-value still palpably takes the form of surplus labor.⁸⁴

It becomes even clearer in the section on "rent in kind", where Marx distinguishes it from labor rent:

For one, the circumstances that the peasants to avail of the credit or borrow some means of subsistence have to agree to till the land and pay rent to those who possess a surplus in kind or money. Or the circumstance that the feudal lord controls the land, the peasants have to gain access to the land by consenting to pay a rent for or the right to use it. These circumstances definitely constitute economic forms of compulsion.

In the context of Marx's discussions, what he mentioned as "extortion of surplus labor from the small peasants by the nominal landlord through "extra-economic compulsion" refers specifically to labor rent-- a qualification some misread to refer to pre-capitalist rent in its entirety.

In rent in kind and money rent, the compulsion is not direct as in labor rent because there is no separation in time or space between the labor performed for the peasants themselves and that for the feudal lord. Therefore, the produce -- whether paid or unpaid -- is produced by the same labor in the same field. In another sense, whatever they produce goes partly to themselves and partly to the feudal lord. For any part of their produce and for any element in their work, the peasants are at the same time both compelled to produce for the lord, and impelled to produce for themselves. The motivation that pushes them to raise their harvest from which they set aside the lord's share is the same motivation that drives them to enlarge the paid product in the sense that a greater

amount of overall product immediately results in a bigger amount of paid product. As a result, there is no need for the direct compulsion that transpires in labor rent.

... [rent in kind] is no longer performed in its natural form, i.e., no longer under the direct supervision and compulsion of the landlord and his representative. Rather, the immediate producer, driven by direct compulsion and by legal stipulation instead of by the whip, is himself responsible for performing this surplus.⁸⁵

Here, therefore, in contrast to direct compulsion, Marx depicts a "force of circumstances" that is compulsion essentially economic in nature.

In labor rent, the working time for the feudal lord directly con-

flicts with, grabs and usurps the working time in the peasants' own land -- a feature of labor rent that is as we said earlier, led to its eventual downfall.

The notion on "extra-economic compulsion" as the distinguishing characteristic of entire feudal land rent obscures the understanding of modes of production in two ways. One, it conceals the nature of feudal exploitation as arising from a variety of historical circumstances including the "economic" compulsion of peasants to enter into debt bondage. It therefore constricts the scope of the feudal mode. Two, it denies the coercive nature of modes of production aside from the feudal, specifically the capitalist mode. But let us reserve this second point for a later discussion.

VI. FEUDAL SOCIAL FORMATION

A. THE ESSENTIAL FEATURES OF THE FEUDAL MODE

Feudal society or, if you will, the feudal social formation emerged when the feudal mode of production began to dominate society. At this point, it is proper to review the essential features of feudal production. First and foremost -- the feudal mode of exploitation, whereby definite unpaid portions of the product or work constant irrespective of the productivity of

the labor are appropriated, whereas definite parts of the product or work that vary according to the productivity of labor are appropriated by the peasants. This mode of exploitation encompasses such forms as informal and formal land rent, interest, overcompensation, undercompensation and gambling revenues extracted from the laborers. Second, the feudal level of productive forces: the labor is largely small-scale. Third, the feudal mode of circulation: the bulk of the share of the laborer is directly

consumed, while fourthly, the bulk of their means of consumption originates directly from their means of production and/or subsistence by serfdom, debt peonage, possession. Fifth, feudal control of the labor-power and is directed at ensuring the appropriation of the constant unpaid labor and product, and its bondage to the means of production.

The feudal mode contains all five of these fundamental characteristics. Conversely, to qualify as feudal, a given kind of production must exhibit all five basic features.

B. THE ASCENDANCY OF THE FEUDAL MODE WITHIN THE SOCIAL FORMATION

The feudal mode starts to prevail in a certain society when the unpaid labor generated from the feudal mode becomes the major if not majority portion of the surplus labor extracted in that society. The advent of feudal society occurs at a transition point in history when the unpaid labor generated according to the feudal mode surpasses the combined surplus labor derived from all other existing modes of production.

This ascendancy of the feudal mode assumed two basic forms. One was its emergence from the womb of a predominantly communal society -- where the surplus product was largely consumed in feasts, rituals and sacrifices. The other was its rise from the ruins of a slave so-

ciety. The appearance of a feudal society did not mean that other previous modes of production would vanish or be vanished from the face of society. Indeed, medieval records attest to the reality that slave production persisted to some significant extent throughout the medieval period. What the evolution of a feudal society did signify was that the old modes of production hitherto prominent would now fall from their position of primacy in society.

C. FEUDAL CLASS STRUCTURE

With the advent of the feudal mode of production arose corresponding classes. The modes of production in which individuals are involved determine the classes to which they belong. In other words, one's class is identified by his or her participation in exploitation, his or her relationship to the means of production, his or her participation in the labor process, his or her participation in the labor process of circulation and his or her participation in controlling the labor-power in the production process.

As the previous discussion of the feudal mode of production has shown, that ground rent is the normal form of the appropriation of the surplus labor does not make up the essence of feudal exploitation. Nor does the fact that laborers are directly exploited mainly by means of land rent (as the current Soviet school of political economy would have it) the distinguishing quality of feudal exploitation.

1. The Feudal Lords

By expanding our appreciation of the feudal mode to encompass those forms of exploitation besides land rent, we recognize the feudal exploiters to be those who appropriate definite and constant unpaid portions of product or work from laborers attached to the means of production in largely small-scale, self-sufficient labor. They may exploit the peasants directly by means of land rent, usury, overcompensation and gambling, or else, they could do so indirectly by rechannelling to themselves the feudal unpaid labor in the hands of direct exploiters. For one, they could redistribute this to their own treasury by collecting rents of gratuitous dues from the feudal exploiters, such as what the barons got from the knights, and the kings and counts from the barons. They could receive interest payments from feudal rentiers. Moreover, they could overprice the goods or services sold or bartered off to recipients of the feudal rent. On top of this, they could underprice the products bought from fellow feudal exploiters or extract gambling profits from them.

The term "landlord" itself, sometimes used as a synonym for feudal lord, does not refer exclusively to feudal rentiers. It could also refer to capitalist landlords, as what Marx described in Volume III of *Capital*.⁸⁶

Marx himself used the term "feudal lord" to refer to the feudal exploiter. This term best describes

the type of exploiter we are discussing about inasmuch it specifies the mode of production by which this exploitation takes place. It is also comprehensive enough to include the non-rentier feudal exploiters, as the full-time medieval usurers, including the usurers of France and the Wucher of Germany.⁸⁷

The essential criterion for membership in an exploiting or exploited class is not one's absolute participation or non-participation in exploitation. To be a feudal lord did not mean that one was not exploited himself or did not engage in in any labor whatsoever.

Rather, class is a phenomenon of relativity. During early medieval times in Europe, in the manorial lands in which peasants rendered labor rent, some seigneuries or owners of these lands would themselves engage in some farm work. As such, part of what they appropriated for themselves, however small, was equivalent to their labor, was paid. When they themselves would pay unremunerative taxes or dues to higher authorities, a portion of what they rendered, however small, represented their labor. Insofar as they rendered unpaid labor, however tiny the amount, they were to some tiny extent exploited.

But what distinguishes the feudal lords from the general mass of the exploited was not that they did not participate at all or absolutely in production nor that they were not exploited in any way to any extent whatsoever.

Rather, what marks them off as feudal lords was that whatever paid labor they performed was so insignificantly small compared to the unpaid labor they appropriated. To be exact, one can translate this as follows: of the net labor appropriated (the unpaid labor appropriated by them from others, plus their paid labor minus the unpaid labor appropriated from them), 95 per cent is made up of net unpaid labor appropriated (the unpaid labor appropriated by them minus that appropriated from them). In addition, more than 50 per cent is composed of constant unpaid portions of the product or work irrespective of the productivity of the labor, produced largely by small-scale labor, the labor-power for which is tied to the means of production, the necessary paid product for which is mainly destined for direct consumption. In other words more than 50 per cent of the unpaid labor appropriated is feudal.

When we talk of exploitation, we refer not to the unpaid labor actually consumed. Rather, we refer to the unpaid labor appropriated. Such unpaid labor may not be consumed immediately but placed in storage or held in reserve for future disposal of the feudal lord. While these unpaid labor in form of products are not used by the lord, they may deteriorate due to the elements. This goes for instance for the summer villas that are personally enjoyed by the lords only during certain parts of the year. Throughout the year, nature eats up and wastes away portions of the unpaid labor represented in the villas. This,

however, does not mean that the villa when not used by the lord, or the lord wasted away, do not fall into the category of unpaid labor belonging to the lord. Whether or not they are actually consumed or used, they remain the private property of the lords: the lords alone may decide how to dispose, use or consume this in whatever way they want. They remain the unpaid labor appropriated by the lord, the fruit of their exploitation.

This holds true also for the paid labor: by this, we mean the paid labor or product appropriated by the laborers for their personal consumption, not necessarily the paid labor or product actually consumed.

2. The Peasantry Under a Feudal Mode of Production

Political economists have often described the differentiation of the peasantry exclusively as a phase in the transition from feudalism to higher forms of production, in particular, the capitalist mode, such as what occurred during the latter medieval period, from the thirteenth century onwards. They solely base this stratification of the peasants on the division between the rich peasants who increasingly employed post-feudal methods of exploitation to acquire their prosperity, and the poor peasants who increasingly fell under post-feudal forms of exploitation.

While this analysis of the peasantry depicts with accuracy the basic trends that indeed emerged during the decline of feudalism, it

often presumes there was no significant differentiation among the peasantry outside the context of developments leading to the eclipse of feudalism.

On the contrary, peasant differentiation did occur within the context of distinctions in the degree of feudal exploitation itself. According to such a variation, poor, middle and rich strata of the peasantry did evolve.

The Poor Peasantry. Historical records assert that the overwhelming majority of the laborers engaged in medieval production were kept in dire misery and want. This poverty of most peasants refers to low absolute levels of product or labor-service consumed or in the hands of the majority of medieval laborers. At the same time, historical accounts disclose that most of the produce or work produced by the medieval laborers were appropriated by the exploiters. A historian notes:

But even without these extra-manorial obligations the money dues to a villen tenant would absorb a very large proportion of his gross output. The proportions varied a great deal, but on holdings of middling size, those of half-virgates comprising ten to fifteen acres [roughly 4 to 6 hectares] the average was frequently near or above the 50 per cent mark. ⁸⁸

It is this criterion -- the relative share of the laboring household -- of their product or labor -- rather than their absolute share that we shall refer to in order to mark off the majority of the feudal laboring

class -- its poor strata -- from the other sections of the peasantry. To put it differently, of the net product or labor-service produced (the unpaid labor appropriated from them plus their paid labor minus the unpaid labor appropriated by them), more than 50 per cent is made up of net unpaid labor appropriated from them (the unpaid labor appropriated from them minus the unpaid labor appropriated by them).

Moreover, at a given point in time, more than 50 per cent of the unpaid labor appropriated from the laboring household bears the following characteristics:

- constant unpaid portions of the product or work with respect to productivity of the labor (while the necessary paid product is variable);
- the labor is principally small-scale;
- the laborer is attached to the means of production and/or subsistence;
- majority of the paid product is directly consumed; and
- the control of the laborer is primarily directed towards collecting the constant unpaid product or work, and ensuing the bondage of the laborers to their means of production.

In short, the majority of the unpaid labor they render is feudal.

Such a class position may prevail for a laboring household throughout the year. For others, especially during the decline of the feudal mode, poor peasant households could change class status during a certain period or season of the year and revert to their poor peasant identity thereafter. Their membership in the poor peasantry was therefore of a shifting and seasonal character.

The Middle Peasantry. Data on medieval production reveals that the size of the rents collected per household varied to a great degree, especially in comparison to their landholdings. As one account states,

Above all manorial burdens weighed heavily on the servile villagers and very lightly on the freeholding ones. Their weight was also more oppressive when borne by small men than when imposed upon the well-to-do peasants.⁸⁹

Another study relates:

... there had always been, even at the lowest levels of rural society, landholdings (the 'allods') exempt from levels subjection to a lord.⁹⁰

Such a divergence made it possible for some peasant households after paying rents to appropriate the bulk of their product or the equivalent in their work. To such a segment of the peasantry correspond those in medieval England with fairly large holdings, roughly from one-half to one virgate (six to twelve hectares). To this stratum belonged what we may call the **lower-middle peasants**.

First of all, of their net labor performed (the unpaid labor appropriated from them plus their paid labor minus the unpaid labor appropriated by them), 50 per cent up to 100 per cent was made up of net paid labor (unpaid labor appropriated by them minus that appropriated by them). Secondly, more than 50 per cent of their unpaid labor is feudal.

The previous discussions on rent touched on the phenomenon of subtenancy -- the rent-exploitation by peasants of fellow peasants. We are also made aware by economic historians of the usury practiced by peasants on fellow peasants. As noted,

...most of the substantial villagers will be found among the creditors: the function of money lending thus appears disseminated through the upper ranks of the village society.⁹¹

Economic historians have usually associated these rent and interest-exacting peasants with those in medieval England holding between 12 hectares and 24 hectares. To them corresponds a certain stratum of the peasantry that may be called **upper-middle**.

Of the net labor appropriated by them (the unpaid labor appropriated from them), zero up to 50 per cent is made up of net unpaid labor (unpaid labor appropriated by them minus unpaid labor appropriated from them). On top of this, more than 50 per cent of the unpaid labor appropriated by them is feudal, as that amassed through

subletting, usury, gambling and unequal exchange perpetrated on fellow peasants.

The Rich Peasantry. Alongside the upper-middle was a thin slice of rich peasants:

...the numbers of truly wealthy peasants (those holding two virgates (24 hectares or more) within the group (of the well-to-do peasants) would be very small. . .⁹²

In contrast to other strata, of the net labor appropriated by them (the unpaid labor appropriated by them plus their paid labor minus the labor appropriated from them) a majority (more than 50 per cent but less than 95 per cent) no longer a minority consisted of net unpaid labor (unpaid labor appropriated by them minus the unpaid labor appropriated from them). As with the upper-middle feudal peasantry, more than 50 per cent of the unpaid labor appropriated by them is feudal.

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25. Smith, *op cit.*, p. 153.
26. Postan *op cit.*, pp. 426-427.
27. *Ibid.*, p. 397.
28. Smith, *op. cit.*, p. 152.
29. Postan, *ed.*, *op cit.*, pp. 414-415.
30. Thrupp, *op. cit.*, p. 239.
31. Roth, *op. cit.*, pp. 121-131, 151-153.
32. Miller, *op. cit.*, p. 122.
33. Postan, *ed.*, *op. cit.*, p. 341.
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35. Marx, *Capital*, Vol. I., pp. 114-115.
36. Marx, *Capital*, Vol. III, p. 931. "The producer has a greater room to maneuver, compared with labour rent to gain time for excess labour whose product belongs to himself, just like the product that labour that satisfies his most indispensable needs. In this form, too, greater difference arise in the economic condition of individual immediate producers. There is at least the possibility of this, and the possibility for the immediate producer to obtain the means whereby he may exploit the labour of others."
37. Miller, *op cit.*, p. 55.
38. Postan, *op cit.*, pp. 150-151.
39. Marx, *Capital*, Vol. III, p. 935.
40. Miller, *op. cit.*, p. 149.
41. Amado Guerrero, *Philippine Society and Revolution*, Pulang Tala Press, 1970.
42. Max Weber, *General Economic History*, (Frank H. Knight, transl.), Collier Books, New York, 1961, p. 67: "The dues of the peasant originally served to satisfy the requirements of the lord and were readily fixed by tradition".
43. N. M. Postan, *The Medieval Economy and Society: An Economic History of Britain in the Middle Ages*, Penguin Books Ltd., Middlesex, England, 1972, p. 140.
44. Miller, *op cit.*, p. 125.
45. Postan, *op. cit.*, pp. 139-140.
46. *Ibid.*, p. 140.
47. George Duby, "Medieval Agriculture, 900-1500", *Fontana Economic History of Europe: the Middle Ages*, William Collins Sons & Co., Ltd., Glasgow England, 1972, p. 206.
48. Roth, *op cit.*,
49. Marx, *Capital*, Vol. I, pp. 79-80 (footnote). "In some States, parti-

cularly in Mexico (before the American Civil War, also in the territories taken from Mexico, and also, as a matter of fact, in the Danubian provinces till the revolution effected by Kusa), slavery is hidden under the form of *peonage*. By means of advances, repayable in labour, which are handed down from generation to generation, not only the individual labourer, but his family, become, *de facto*, the property of other persons and their families."

50. Marx, *Capital*, Vol. III, p. 730: "As soon as the usury of the Roman patricians had completely ruined the Roman plebeians, the small farmers, this form of exploitation came to an end, and the petty-bourgeois economy was replaced by a pure slave economy."

51. Miller, *op cit.*, p. 151.

52. Duby, *op cit.*, p. 209.

53. Postan, *op cit.*, p. 425.

54. *Ibid.*, p. 428.

55. Douglas Huke, *Shadows on the Land An Economic Geography of the Philippines*.

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57. Roth *op cit.*, p. 71.

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ford, 1959, p. 68.

59. Marx, I,

60. Smith, *op cit.*,

61. *Ibid.*,

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64. *The New Encyclopedia Britanica*; Vol. 9, *Encyclopedia-Britanica, Inc.*, Chicago, 1979, p. 867.

65. Postan, *op cit.*, pp. 49-54; Duby, *op cit.*, p. 197.

66. Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*; Foreign Languages Press, Peking, 1978: "Each individual peasant family is almost self-sufficient; it itself directly produces the major part of its consumption and thus acquires its means of life more through exchange with nature than in intercourse with society."

67. Marx, *Capital*, Vol. III, p. 933: "Even though the direct producer still continues to produce at least the greater part of his means of subsistence himself, a portion of his product must now be transformed into a commodity and be produced as such".

68. Duby, *op cit.*, p.

69. Thrupp, *op cit.*, p. 231.

70. Miller, *op cit.*, p. 10.

71. Bloch, *op cit.*, p. 260.

72. Postan ed., *op cit.*, p. 427.

73. Marx, *Capital*, Vol. I, p. 356 (foot-note).

74. Marx, *Capital*, Vol. III, p. 752.

75. *Ibid.*, p. 925.

76. Archibald Lewis, *Emerging Medieval Europe, A.D. 400-1000*, Alfred A. Knopf, New York, p. 59.

77. *Ibid.*, p. 87.

78. Miller, *op cit.*, pp. 108-109.

79. Marx, *Capital*, Vol. III, p. 926.

80. *Ibid.*,

81. *Ibid.*, p. 927.

82. *Ibid.*, p. 926.

83. *Ibid.*, p. 927.

84. *Ibid.*, p. 928.

85. *Ibid.*, p. 930.

86. See "Part Six: Transformation of Surplus Profit Into Ground Rent", pp. 749-950.

87. Postan, *op cit.*, p. 152.

88. *Ibid.*, p. 140.

89. *Ibid.*, p. 141.

90. Duby, *op cit.*, pp. 183-184.

91. Postan, *op cit.*, p. 153.

92. *Ibid.*, p. 150.

CHAPTER 2

THE CAPITALIST MODE OF PRODUCTION AND SOCIAL FORMATION

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I. WAGE LABOR AND SURPLUS VALUE

As with other modes of production and exchange, the prime characteristic of the capitalist mode is its specific mode of exploitation. In capsule, this is the production of unpaid surplus value by wage-labor. The most outstanding contribution of Marx to the study of capitalist political economy was his discovery of how the capitalist exploited the workers and appropriated their surplus labor.

As early as 1858, Marx laid down the thesis that the surplus value from which profit arose was

created not as was commonly believed by underpricing the labor bought from the worker. It was, on the other hand, created by **buying labor-power at its value and consuming this in production to produce added or fresh value in excess of that value paid to the worker in exchange for his capacity to work.**

In this light, wages are payments for the capacity to work, the value necessary to reproduce the workers and their immediate families' means of normal subsistence.¹

For example, a capitalist in a textile factory before production commences has on hand means of production represented by raw materials in the form of cotton and by machinery. These by themselves embody products produced by past labor. By themselves, they cannot create new value. Only by joining laborers together with these means of production can new value occur. In their use in production, the means of production can only contribute to the creation of new value by allowing fresh labor to transfer previously expended labor within the means of production into new products.² In the case of machinery, this is done bit by bit, in the case of raw materials, as a whole. Marx illustrates this process by the following example:

It is known by experience how long on the average, it loses each day one-sixth of its use-value, and therefore parts with one-sixth of its value to the daily product. The wear and tear of all instruments, their daily loss of use value, and the corresponding quantity of value they part with to the product, are accordingly calculated upon this basis.

Only living labor adds new value to the product. It is this difference between the newly created value the workers produce and the value that is required to reproduce the workers that makes surplus value.⁴

A. WAGES

What in the nature of the wage distinguishes it from the share of the laborer in the slave and feudal

modes of production? What is peculiar to the wage is that it represents a definite quantity of money that reflects the average necessary labor required for the laborer to subsist. It represents a *definite quantity of money or labor constant irregardless of the productivity of the labor that produces it* in contrast to the feudal mode, whereby the laborers receive a paid product that varies with the productivity of the labor producing it but renders an unpaid product or labor-service that does not vary according to that individual productivity.

For this purpose of clarification, we refer to Marx's description of productivity:

By increase in the productiveness of labor, we mean, generally, an alteration in the labor process of such a kind as to shorten the labor time for the production of a commodity and to endow a given quantity of labor with the power of producing a greater quantity of use-values.⁵

The wage likewise contrasts with the slave's share in the slave mode of production, whereby the laborers receive an indefinite paid product. It represents a constant, definite quantity of money equivalent to the socially average labor required to produce the average subsistence needs of a worker and his family. While the wage is a definite, constant quantity of money or value paid for average social labor-power expended during a certain period of labor-time or in the production of a certain number of use-values, the unpaid portion the laborers produce varies according to the productivity of the labor.

1. Variability of Surplus Value with Respect to Productivity

Though Marx coined the term "variable capital" to refer to the value of the labor-power bought and used in production, the term "variable" was also used to mean that labor-power when utilized and transformed into labor "produces an excess, a surplus value, which may either itself vary, may be more or less according to circumstances" -- in short, creates a variable surplus value.⁶

However, the actual labor-power bought is a **constant** quantity. In Marx's words,

In our example $C' = £410$ constant + $£90$ variable + $£90$ surplus value; but $£90$ is given and therefore a constant hence it appears absurd to treat it as variable. But in fact, the term $£90$ variable is here merely a symbol to show that this value undergoes a process. The portion of the capital, invested in the purchase of labour power is a definite quantity of materialized labour, a constant value like the value of the labour power purchased. But in the process of production the place of the $£90$ is taken by the labour-power in action, dead labor is replaced by living labour, something stagnant by something flowing, a constant by a variable. The result is the reproduction of plus an increment of v . From the point of view, of the capitalist production, the whole process appears as the spontaneous variation of the originally constant value, which is transformed into labor-power.

In other words, the part of the value that represents the labour-power bought is constant with res-

pect to the productivity of the labor producing it, while the part of the value that it produces in addition to the original value transferred to the product -- the surplus value -- is variable according to that individual productivity. The paid portion of the produced value is constant while its unpaid portion is variable in relation to that productivity. Or as Marx put it,

That portion of the working day which merely produce an equivalent for the value paid by the capitalist for his labour-power has, up to this point, been treated by us on a constant magnitude, and such in fact, it is, under given conditions production and at a given stage in the economical development of society. Beyond this, his necessary labour time, the labourer, we saw, could continue to work for 2, 3, 4, 5, etc., hours. The length of the working day depended on the magnitude of this prolongation. Though the necessary labor time was constant we saw, on the other hand, that the total working day was variable.⁸

The surplus value varies firstly, according to the intensity of the workers' labor. This could mean two things.

One, this could signify that for a given unit of working-time, more useful labor-power is spent or more useful labor is applied, resulting in a greater quantity of use-values, or a greater quality of the same number of use-values, or both -- in the form of products or labor services -- for that given labor-time period.

In turn, the level of useful expenditure of labor-power is comprised of two components. One component is the level of human

energy exerted during the production process. Marx referred to this in the following passage:

The immense impetus (the compulsory shortening of the hours of labor) it gives to the development of productive power, and to economy in the means of production, imposes on the workman increased expenditure of labour in a given time, heightened tension of labour power, and close filling up of the pores of the working day, or condensation of labor to a degree that is attainable only within the limits of the shortened working day. This condensation of a greater mass of labour in a given period thenceforward counts for what is really is, a greater quantity of labour. In addition to a measure of extension, i.e., duration, labour now acquires a measure of its intensity or of the degree of its condensation or density.⁹

The term "intensity of labor" could be restricted in its use to the abovementioned phenomenon. Or else, it could be widened to encompass skill as well, as in Marx's use of the term in the following:

All labor of a higher or more complicated character than average labor is expenditure of labor power of a more costly kind, labour-power whose production has cost more time and labor, and which therefore has a higher value, its consumption is labor of a higher class, labor that creates in equal times proportionally higher values than unskilled labour does.¹⁰

A second component of the level of useful expenditure of labor-power is the usefulness of the labor-power from which the labor issues. This labor-power of the workers is fundamentally determined on a day-to-day basis

by their physical as well as mental condition.

It fluctuates to a greater or lesser degree from day to day depending on the nutritional intake, sleep, rest, previous physical activity and other indicators of physical health, plus psychological conditions. In general, the better and more adequate the daily nutrition, rest and exercise of the laborers are and the more favorable their daily psychological state is, the greater will be the useful level of their daily labor-power.

On the other hand, this useful level of their daily labor-power will be likewise determined by the amount and quality of the previous labor that went into the making of the workers' current labor-power -- the expenditure of which produces the labor in the production process. This includes the labor involved in the additional previous training and study necessary for a certain level of skill, and at the same time, the extra-nutrition to achieve and maintain a higher than average level of mental and physical activity."¹¹

While both components -- the level of human energy expended and the level of usefulness of labor-power are directly proportional to the overall intensity of labor, they are in a way opposites. The first component manifests the rate at which labor-power is used up or burned out. The second manifests the level at which labor-power is enhanced or buttressed.

At any rate, these two compo-

nents reinforce each other. When the level of useful labor-power is below average, a higher than average degree of exertion or energy is needed to generate labor of an average nature, and an even higher degree of energy to produce labor of a higher than average productivity.

If, on the other hand, an average or even level of exertion is applied, along with a low level of useful labor-power, then a labor of below-average productiveness labor results. With an average degree of useful labor-power, lower-than-average, average and above average levels of exertion will result, in labor of below-average, average and above-average productivity respectively.

Given an above-average degree of useful labor-power, average or above-average levels of human energy will result in labor of above-average productivity. Whereas, below-average levels of exertion may lead to labor of average or even below-average productivity.

As Marx noted,

The exceptionally productive labor operates as intensified labor: it creates in equal periods of time greater values than average social labor of the same kind.¹²

Two, labor intensity could mean a more efficient use of means of production, resulting in greater, surplus value for the capitalist. This could mean less rejects, less waste or unnecessary use of raw materials, fuel implements or machinery.

Since the value of such means of production wasted has to be replaced, it can only be taken or deducted from the value appropriated by the capitalist. Therefore, for any given quantity of product or labor-service exchange a commodity by the capitalist, the other factors of productivity already mentioned being equal, a greater or lesser amount of unpaid surplus value is produced in proportion to the greater or lesser wastage of means of production, to the greater or lesser efficiency of the laborers in handling the means of production.

In both types of wage-labor -- time-rate and piece-rate -- the capitalist strives to raise to a greater degree the intensity of the labor in its various forms so as to extract unpaid surplus value all the more.

In as much as the wage represents a definite, absolute amount of money equivalent in terms of labor-time to that contained in the average means of subsistence, it is a constant portion of the newly created value of the workers in the absolute sense.

The time-rate wage laborers are impelled and compelled -- by carrot and stick -- to intensify the more their level of exertion during the work-time period. Often, a certain level of product per worker is set as his daily quota. Repeated failure to reach this is a ground for dismissal of workers. The supervisors and foremen are tasked not only with instructing the workers on more efficient methods but also with seeing to it that the latter work as feverishly as possible and

rest a little as possible during their worktime.

Depending on the differing levels of their useful labor-power as well as on the changing levels of exertion, the workers in an individual unit of capital produce varying amounts of product or labor-service during a given work period.

For instance, the workers in a textile factory during a given work period, say, 8 hours per day, may come up with 500 reams of cloth one day, 600 on another and 450 on the day after then. And yet, whatever is produced during the day, the wage-workers will still receive, say 50 pesos for 8 hours' work. Whatever the product during the given period of work-time, in this case, 8 hours, the workers receive a constant paid product -- a wage that does not vary with how much they produce during the 8 hours of work. Therefore, as the paid product that goes to the workers in the form of wages is constant regardless of the productivity of the labor producing it, the surplus value varies on the other hand with that productivity. The greater the produce during the day, the greater the unpaid surplus value, and vice versa: the less the produce, the less the unpaid surplus value.

Let us assume that the total quantity of value in the means of production -- raw materials (cotton, dye), auxiliary materials (crude oil, lubricating oil, etc.) and instruments of production (machinery, factory building, etc.) for the average state of technology that are used up amount to one labor-day

per ream, say the average socially necessary labor in the textile production excluding the part of the means of production used up -- the "living" labor -- is another one labor-day on 8 hours. The entire average socially necessary labor contained in a ream of the said cloth therefore is 2 labor-days or 16 labor-hours.

Since in a capitalist society, or in a society where the capitalist mode prevails, the price of a commodity approximates the average socially necessary labor, or its social value, the products or labor-services

will be sold at a price -- at a quantity of money -- whose social value or average socially necessary labor is more or less equivalent to that commodity. Therefore, assuming that an ounce of gold on the social average contains one labor-day and is priced at 200 pesos, one ream of the said cloth will more or less sell for two ounces of gold, or 400 pesos, embodying or representing two labor-days or 16 labor-hours.

However, as mentioned earlier, daily production depending on the workers' productivity in an individual capital or an individual enter-

prise may vary to a greater or lesser degree below or above this social average.

Where 500 workers produce 500 reams during one day, 600 the next and 450 the day after -- granting the means of production are used up at the social average of 1 labor-day 8 labor-hours per ream, the textile produced during those 3 days contained labor amounting to 2 labor-days for the first day (500/500 labor-day + labor-day); 1-5/6 labor-days for the second (500/600 + 1 labor-day); and 2-1/9 labor-days (500/450 + 1 labor-day) respectively per ream.

And yet, all these reams are more or less sold at 2 labor-days each. Therefore, on the first day, the individual value of the reams sold equalled their social or real value. However, on the second day, the social value of the reams -- 2 labor-days-each -- at which these were sold exceeded their individual value -- 1-5/6 labor-days each. Hence, during this day the capitalist appropriated an extra 1/6 labor-day of surplus value per ream or 100 labor-days for the 600 reams, in addition to the 3/4 labor-day of surplus value per ream or 375 labor-days for the average social production of 500 reams per day.

Looking at it from another angle, for the same variable capital or wages paid -- 25,000 pesos per day -- during the day the workers produced 600 reams of cloth, the capitalist appropriated an extra 20,000 pesos [(P200 x 600 reams) minus (P200 x 500 reams)] equivalent to 200 labor-days at (200 pesos

TEXTILE-MAKING VALUES

Production Unit	P Production	L Labor-Days	L/P	MP/P	P (P) Gross P value P 200 x P	P (L) Wages P 50 x L	Net of Labor P (P) - P (L)
1	500	500	1	1	100,000.00	25,000.00	75,000.00
2	600	500	5/6	1	120,000.00	25,000.00	95,000.00
3	450	500	1.1	1	90,000.00	25,000.00	65,000.00

MP = Means of Production

MP/P = Cost share of MP per unit of P, expressed in labor-days

The remainder -- the surplus value -- is therefore ₱ 1.42 per pair of gloves.

On the other hand, consider that the piece-rate wage-laborers was of the average efficiency, in the use of the means of production, for that given period. In other words, she consumed 10 labor-minutes or ₱ 4.17 per glove. For every glove, she produced therefore newly created value amounting to 4.8 labor-minutes (14.8-10 labor-minutes or ₱ 2 (₱ 6.17 - ₱ 4.17). From this freshly produced value will be taken the wage of the worker, the one peso. The remainder, the surplus value, is, in this case, also one peso.

We notice that for each pair of glove, the worker will receive ₱1 however efficient she or he is in handling the means of production. On the other hand, the capitalist will receive a surplus value that varied, ₱ 1.42 in the first instance (with above-average labor productivity), and ₱ 1 in the second, (with average labor productivity).

While the piece-rate wage is both a constant amount (₱ 1) and percentage (₱1 / ₱6.17 or 16.2 percent) of the value of the value produced, the surplus value is both a variable amount (first ₱ 1.42 and then ₱ 1) and percentage (first ₱ 1.42/₱6.17 or 23% and then 16.2%) of the value produced.

Another additional factor for the productivity of the present labor that deserves special elaboration is the intensity of the operating-time of the means of production. When the machinery, factory

buildings, tools and raw materials are idle or at rest, as for example, between work periods, they undergo natural depreciation just the same. As such, maintenance labor must still be performed and materials used to preserve these means of production and offset the effects of nature. Since no commodities are being produced during this period of inactivity aside from the maintenance labor, the value that is set aside for maintenance labor must be deducted from the surplus value.

Therefore, the greater the time that the means of production is in action, as during round-the-clock operations, the less maintenance labor is performed for each given product. Therefore, the greater the newly created value the present labor is able to produce for each given product or labor-service.

On a longer-term basis, productivity is magnified by improving the means of production and the process by which these are used. By upgrading the instruments, techniques and raw materials (through substitutes), given amounts of labor result in greater quantities of product or work.

Unlike the labor intensity which is constantly rising or falling, the change in technology however occurs only now and then. Hence, on a minute-to-minute, hour-to-hour and day-to-day basis, variations in technology play a secondary role in the variability of the productivity of labor.

In Capital, Marx outline three

methods by which machinery raised surplus value:

"(a) directly depreciating the value of labor-power, meaning to say, enabling the women and children to work, thus lowering the means of subsistence of a worker's family for each working member of the household; (b) indirectly cheapening the same through cheapening the commodities that enter into its reproduction; (c) but also, when it is first introduced sporadically into an industry, by converting the labor employed by the owner of that machinery into labour of a higher degree and higher efficacy, by raising the social value of the article produced above its individual value and thus enabling the capitalist to replace the value of a day's labor power by a smaller portion of the value of a day's product. During this transition period, when the use of machinery is a sort of monopoly, the profits are therefore exceptional, and the capitalist endeavors to exploit thoroughly the sunny time of this his first love, by prolonging the working day as much as possible.¹⁵

This latter part is qualified by the point that nowadays the raising of absolute surplus value by lengthening the working day no longer operates as widely as before as a result of the success of the workers' trade union movement in fixing working hours for a regular day's pay and requiring overtime pay beyond this. Note that the presence of a number of wage-earners with each family as a result of the drive to employ women and children and thus lower the necessary wages per individual does not alter the constant nature of the combination of wages vis-a-vis the individual productivity of the labor.

The increase of surplus value is instead effected in a relative manner -- by intensifying the worker's labor for a given working period. Nonetheless, elsewhere in Marx's text, he discusses how machinery can raise the intensity of labor:

This is effected in two ways: by increasing the speed of the machinery, and by giving the workman more machinery to tend. Improved construction of the machinery is necessary, partly because without it greater pressure cannot be put on the workman, and partly because the shortened hours of labour force the capitalist to exercise the strictest watch over the cost of production.¹⁶

The drive to raise the surplus value by raising the productivity of labor via intensifying the workers' labor in the face of a wage constant irrespective of that productivity serves as a motive force animating the capitalist mode. This is the struggle to raise the particular productivity, especially the intensity, of each individual labor in each individual capital above the average.

From another angle, this is the struggle to lower the individual value of a particular commodity -- whether product or labor-service -- below the social or real value of that commodity. Marx portrayed this phenomenon in this manner:

Hence, the capitalist who applies the improved method of production appropriates to surplus labour a greater portion of the working day, than the other capitalists in the same trade. He does individually what the whole body of capitalists engaged in producing relative surplus value do collectively. On the other hand, however, this extra surplus vanishes, so soon as the new method of

production has become general, and has consequently caused the difference between the individual value of the cheapened commodity and its social value to vanish. The law of the determination of value by labor-time, a law which brings under its sway the individual capitalist

B. COOPERATION AND LARGE-SCALE LABOR

In terms of productive forces, the distinguishing trademark of capitalist production is cooperation and large-scale labor. To use the words of Marx.

Capitalist production only then really begins, as we have already seen, when each individual capital employs simultaneously a comparatively large number of labourers; so that the labour process is carried on an extensive scale and yields, relatively, large quantities of products. A greater number of labourers working together, at the same time, in one place (or if you will, in the same field of labour), in order to produce the same sort of commodity under the mastership of one capitalist, constitutes both historically and logically, the starting point of capitalist production.¹⁸

This characteristic of capitalist production, as defined by Marx, contains five integral and essential elements:

- The large number of workers working together;
- in one place or in the same field of labour;
- at the same time;
- to produce the same sort of commodity; and
- under the mastership of one capitalist.

who applies the new method of production compelling him to sell his good under their social value, this same law, acting as a coercive law of competition, forces his competitors to adopt the new method.¹⁷

Without any one of these elements, production ceases to be marked by cooperation and large-scale labor in the capitalist sense.

On the basis of comparison with the small-scale labor of both nuclear and extended peasant family households as well as that of the guilds, we can more or less place the composition of large-scale labor at 10 persons or more working together. Though Marx did not explicitly pinpoint any definite figure, an example given by him of a capitalist employing 10 men supports the designation of this number.¹⁹

Marx outlines three basic forms of the development of cooperation:

- simple or elementary cooperation, wherein large numbers of laborers to work together at the same time doing identical tasks for a capitalist. According to Marx,

Simple cooperation is always the prevailing form in those branches of production in which capital operates on a large-scale, and division of labour and machinery play but a subordinate part.²⁰

- manufacture or cooperation based on division of labor, whereby large number of laborers work together simultaneously doing different

but interconnected tasks in producing a single sort of commodity for a capitalist;

- fully developed machinery and modern industry, whereby

Tools are part of a bigger mechanism which includes other tools, parts which transmit the motion caused by the motive power into other form of motion enabling the tool to work on the product.²¹

- Fully developed machinery includes self-generating power such as engines or that form natural resources, such as watermills or windmills. By modern industry is meant the organization of machinery into a factory system and the systematic application of science.

Marx regarded these three as forms in which all could be present in a particular unit of capitalist production. At the same time, he viewed the degree with which a specific capitalist production exhibited these three forms as mirroring the level of development of the mode from its backward to its advanced stages. However, he did not consider that all three forms must be present in a particular mode to make it capitalist. What he did look upon as necessary in capitalist production was the fundamental thread that characterized all three forms, none other than the characteristic of cooperation whether in the simple form or in the form of division of labor:

When numerous labourers work together side by side, whether in one and the same process [simple

cooperation] or in different but connected processes [division of labor].²²

That simple cooperation alone is enough to mark off the level of production forces under the capitalist mode is even clearer in the following statement by Marx:

The simultaneous employment of a large number of wage labourers in one and the same process, which is a necessary condition of this change, also forms the starting point of capitalist production.²³

That the use of machinery did not necessarily distinguish the capitalist mode or its technology is shown by the fact cited by Marx that machinery also existed in pre-capitalist production. He noted,

On the other hand, implements, in regard to which man has always acted as a simple motive power (as for instance, by turning the crank of mill, by pumping, by moving up and down the arm of a bellows, by pounding with a mortar, etc.), such implements soon call the application of animals, water, and wind, as motive powers. Here and there, long before the period, these implements pass over into machines, but without creating any revolution in the mode of production.²⁴

Another indication by Marx that machinery was not the differentiating feature of the forces in capitalist production was in this following statement describing a certain kind of capitalist production undertaken without machines:

That the workman moreover really does expend more labour

power is ensured by the mode in which the capitalist pays him. In those industries such as potteries where machinery plays little or no part, the introduction of the Factory Act has strikingly shown that the mere shortening of the working day increases to a wonderful degree the regularity, uniformity, order, continuity, and energy of the labour.²⁵

Again,

Long before the period of modern industry, cooperation and the concentration of the instruments of labor in the hands of a few gave rise, in numerous countries where these methods were applied in agriculture, to great, sudden and forcible revolutions in the modes of production, and consequently, in the conditions of existence and the means of employment of the rural populations.²⁶

1. Types of Workers According to Level of Cooperation

In a particular passage, Marx enumerates the three types of workers associated with the three stages of the development of capitalist production:

Besides the factory operatives, the manufacturing workmen and the handicraftsmen, whom it concentrates in large masses at one spot and directly commands.²⁷

The first type — the factory operative — corresponds to the

stage where machinery and modern industry, rather the systematic application of science — is introduced. The second — the manufacturing workmen — corresponds to the stage where no such machinery and scientific methods are yet utilized but where the division of labor is already applied. The third — the handicraftsmen — who while performing the same task are massed up in a single area of work at the same time to labor for a single capitalist corresponds to that first primitive stage of capitalism, whereby cooperation is in its simplest basic form and still unintensified by division of labor, machinery and modern industry.

2. Synergy of Cooperation

Marx likewise lines up the reasons why cooperation raises productivity:

1) Even without an alteration in the system of working, the simultaneous employment of a large number of labourers effects a revolution in the material conditions of the labour process. The building in which they work, the storehouses for raw material, the implements and utensils used simultaneously or in turns by the workmen, in short, a portion of the means of production are now consumed in common.²⁸

2) . . . the sum-total of the mechanical forces exerted by isolated workmen differs from the social force that is developed when many hands take part simultaneously in one and some undivided operations, such as raising a heavy

weight, turning a winch, or removing an obstacle. In such cases the effect of the combined labour either could not be produced at all by isolated individual labour, or it could be produced only by a great expenditure of time, or on a very dwarfed scale. Not only here we have an increase of productive power of the individual, by means of cooperation, but the creation of a new power, namely, the collective power of the masses.²⁹

This reflects the synergistic principle that the force represented by an integrated whole is greater than the sum of its individual, isolated parts or components. This is illustrated by the fact that say 5 workers could not possibly construct a giant dam, or if they could, it would take 20 more years of labor, or 100 labor-years. Whereas, 100 workers could do in 6 months of labor, or a total of 50 labor-years.

This is because the interaction between workers in cooperation enhances the useful effect of their individual labor.

Marx in the course of this discussion mentioned five forms of this effect:

1) In many industries, there are critical periods, determined by the nature of the process, during which certain definite results must be obtained. . . . The shortness of the time allowed for the work is compensated for by the largeness of labour thrown upon the field of production at the decisive movement. The completion of the task within the proper time depends on the simultaneous application of numerous com-

bined working days: the amount of useful effects depends on the number of labourers; this number, however, is always smaller than the number of isolated labourers required to do the same amount of work in the same period.³⁰

2) On the one hand, cooperation allows the work being carried on over an extended space; it is consequently imperatively called for in certain undertaking, such as draining, constructing dikes, irrigation works, and the making of canals, roads and railways. On the other hand, while extending the scale of production, it renders possible a relative contraction of the arena. This contraction of arena simultaneous with an arising from, extension of scale, whereby a number of useless expenses are cut down, is owing to the conglomeration of laborers, to the aggregation of various processes, and to the concentration of the means of production.³¹

3) Apart from the new power that arises from the fusion of many forces into one single force, mere social contact begets in most industries an emulation and a stimulation of the animal spirits that heighten the efficiency of each individual workman.³²

4) Although a number of men may be occupied together at the same time on the same, or the same kind of work, yet the labour of each, as a part of the collective labour, may correspond to a distinct phase of the labour process, through all whose phases, in consequence of cooperation, the subject of their labor passes with greater speed.³³

For this, Marx presents the following example:

... if a dozen masons place themselves in a row, so as to pass stones from the foot of a ladder to its summit, each of them does the same thing; nevertheless, their separate acts form connected parts of one total operations; they are particular phases, which must be gone through by each stone; and the stones are thus carried up quicker by the 24 hands of the row of men than they could be if each man went separately up and down the ladder with his burden.³⁴

3. Cooperation and Wage-Exploitation

Cooperation or large-scale labor provides the productivity conducive to wage-exploitation. In the words of Marx himself,

If, then, on the one hand, the capitalist mode of production presents itself to us historically as a necessary condition to the transformation of the labour process into a social process, so, on the other hand, this social form of the labour process presents itself as a method employed by capital for the more profitable exploitation of labour, by increasing that labour's productivity.³⁶

C. SEPARATION OF THE LABORER FROM THE MEANS OF PRODUCTION AND/OR SUBSISTENCE

In the slave mode, the laborer or at least her or his labor-power is not only the property but also the possession of the master. In the

5) Again, a combination of labour occurs whenever a building, for instance, is taken in hand on different sides simultaneously; although here also the cooperating masons are doing the same, or the same kind of work. The 12 masons, in their collective working day of 144 hours, make much more progress with the building than one mason could make working for 12 days, or 144 hours. The reason is that a body of men working in concert has hands and eyes both before and behind, and is, to a certain degree omnipresent. The various parts of the work progress simultaneously.³⁵

The higher productivity brought about by cooperation ensures and makes affordable the appropriation of a paid product constant irrespective of that productivity of the labor producing it. Cooperation and large-scale labor in contrast to individual and small-scale labor is better capable of magnifying the intensity, efficiency and economy of labor, and thus raising the variable unpaid surplus value of the capitalists.

feudal mode, the laborers are tied to the means of production. In the capitalist mode, the laborers are separated from the means of pro-

duction so that they should be free to sell their labor-power. As Marx pointed out,

Free labourers in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, etc., nor do the means of production belong to them, as in the case of peasant proprietors; they are, therefore, free from, unencumbered by, any means of production of their own. . . . The capitalist system presupposes the complete separation of the labourers from all property in the means by which they can realize their labour.³⁷

Elsewhere, Marx asserts,

Capitalist production, therefore, of itself reproduces the separation between labor power and the means of labour. It thereby reproduces and perpetuates the condition for exploiting the labourers. It incessantly forces him to sell his labor power in order to live and enables the capitalist to purchase the labor-power in order that he may enrich himself.³⁸

In the feudal mode, the lord sought to bind the peasants to their means of production as much as possible through various devices. In the capitalist mode, it is the opposite: the exploiter strives to destroy all forms of bondage to the means of production that may hinder him from dispensing with the workers at ease. Whereas in the feudal mode, the inseparability of the laborers from the means of production is a weapon in the hands of the lord to guarantee that unpaid produce or work constant in the

face of labor productivity be regularly rendered. In the capitalist mode, the separation of the laborers from their means of production becomes a bludgeon wielded by the capitalist to ensure a paid product constant with respect to the productivity.

It serves to make sure the law of supply and demand operates in the case of labor-power, that labor-power is to be freely bought and sold in the market, as with any other commodity.

Whereas the capitalist is free to buy the labor-power of individuals, he is also free not to buy it. While he is free to hire workers, he is likewise free to lay them off. On one hand, he is at liberty to buy labor-power. On the other, he is at liberty to cease buying it. Similarly, the workers are free to sell their labor-power. At the same time, they are also free to stop selling it, though at the risk of starving if they are not able to sell it once more soon enough.

Where both labor-power and the variable capital to buy it is in a mobile and fluid state, the wage as constant portion of the value produced will on the average seek the level of the value of the labor power. Thus is ensured that the capitalist will appropriate the unpaid value that is not only of a surplus nature -- that beyond the basic subsistence needs of the workers' families. But that he will take for himself unpaid value that is variable as well to the productivity of the labor which he has succeeded in imposing on the workers.

Hand in hand with this, the disengagement of the laborers from their means of production facilitated the quantum leap in the development of the productive forces -- in particular, the rise of cooperation and large-scale labor. With the laborers deprived of land and looms it became easier for the capitalist to assemble them under one roof for cooperation and labor on a mass scale.

Likewise, the cutting off of the worker from the means of production paved the way for the development of the home market for capitalist production. Without the possession of land, farm tools and thus an access to the food harvests, the laborers were forced to engage in exchange: firstly, by means of selling their labor-power in exchange for wages, and secondly, in the exchange of wages for wage goods.

D. SEPARATION FROM THE MEANS OF SUBSISTENCE

This divorce of the laborers from such means of production such as tools, materials, etc. is necessarily accompanied by their alienation from their means of subsistence or labor-power.

Marx explained this as follows:

The second essential condition to the owner of money finding labour power in the market as a commodity is this -- that the labourers instead of being in

labour is incorporated, must be obliged to offer for sale as a commodity that very labour-power, which exists only in his living self. In order that a man may be able to sell commodities other than labour power, he must of course have the means of production, as raw materials, implements, etc. No boots can be made without leather. He requires also the means of subsistence. . . For the conversion of his money into capital, therefore, the owner of money must meet in the market with the free labourers, free in the double sense; that as a free man he can dispose of his labour power as his own commodity, and that on the other hand, he has no other commodity for sale, is short of everything necessary for the realization of his labour power. . . The historical conditions of its (capitalist production's) existence are by no means given with the mere circulation of money and commodities. It can spring into life only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour power.³⁹

He elaborates on this point in a later discussion:

The process, therefore, that clears the way for the capitalist system can be done other than the process which takes away from the labourer the possession of his means of production; a process that transforms, on one hand, the social means of subsistence and production into capital, on the other, the immediate producers into wage labourers. . . . The immediate producers, the labourers, could only dispose of his own person after he had ceased to be attached to the soil and ceased to be the slave, serf or bondsmen of another. . . In the history of primitive accumulation, all revolutions are epoch-making that act as levers for the capitalist class in course of formation; but, above all, those moments when great masses of men are suddenly and forcibly torn from their means of subsistence, and

hurled as free and 'unattached' proletarians of the labour market. The expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole process.⁴⁰

In a subsequent chapter, Marx goes on to say:

The spoliation of the church property, the fraudulent alienation of the state domain, the robbery of the common lands, the usurpation of feudal and class property, and its transformation into modern private property under circumstances of reckless terrorism, were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a 'free' and outlawed proletariat.⁴¹

This is immediately followed by this beginning of the next chapter:

The proletariat created by the breaking of the bands of feudal retainers and by the forcible expropriation of the people from the soil, this 'free' proletariat could not possibly be absorbed by the nascent manufactures as fast as it was thrown upon the world.⁴²

Elsewhere, Marx continues to deal on this aspect of capitalist production:

In spite of the smaller number of its cultivators, the soil brought forth as much as more produce, after as before, because the revolution in the conditions of landed property was accompanied by improved methods of culture, greater cooperation, concentration of the means of production, etc., and because not only were the agricultural wage labourers put on the strain more intensely, but the field of production on which they worked for them-

selves became more and more contracted. With the setting free of a part of the agricultural population, therefore, their former means of nourishment were also set free. They were now transformed into material elements of variable capital. The peasant, expropriated and cast adrift, must buy their value in the form of wages from his new master, the industrial capitalist.⁴³

Again, Marx stresses this point:

The expropriation and eviction of a part of the agricultural population not only set free for industrial capital the labourers, their means of subsistence, and material for labour; it also created the home market. . . In fact, the events that transformed the small peasants into wage labourers, and their means of subsistence, and of labour into material elements of capital, created, at the same time, a home market for the latter. Formerly, the peasant family produced the means of subsistence and raw materials which they themselves, for the most part, consumed. These raw materials, and means of subsistence have now become commodities; the large farmer sells them, he finds in market in manufacturers.⁴⁴

Once more,

Tantae molis erat (such pains did it take) to establish the eternal laws of nature of the capitalist mode of production, to complete the process of separation between labourers and conditions of labour, to transform, at one pole, the social means of production and subsistence into capital, at the opposite pole, the mass of the population into wage labourers, into 'free labouring poor,' that artificial product of modern society.⁴⁵

In line with these prerequisites for capitalist production, Marx describes the condition before the 1846 famine of Irish agricultural

labourers whose wages only supplied part of the means of subsistence, the rest being taken from the variable paid product from their crop and animal raising. In other words, they received merely a semi-wage. In that light, Marx classifies them as still belonging to the peasantry. At first, he quotes from the reports of the labor inspectors.

Previous to the famine, the labourer enjoyed his cabin. . . with a rood, or half-acre or (2/10 or 4/10 of a hectare) acre of land, and facilities for . . . a crop of potatoes. He was able to rear his pig and keep fowl . . . But they now have to buy bread, and they have no refuse upon which they can feed a pig or fowl, and they have consequently no benefit from the sale of a pig, fowl or eggs.⁴⁶

Then he proceeds:

In fact, formerly, the agricultural labourers were but the smallest of the small farmers, and formed for the most part a kind of rear-guard of the medium and large means on which they found employment. Only since the catastrophe of 1846 have they begun to form a fraction of the class of purely wage labourers, a special class, connected with its wage-masters only by monetary relations.⁴⁷

The graduation of the labourers into the proletariat Marx premised on their ejection from any agricultural landholdings:

The first act of the agricultural revolution was to sweep away the huts situated on the field of labour. This was done on the largest scale and as if in obedience to a command from on high. Thus many labourers were compelled to seek shelter in villages and towns. There they were thrown like refuse into garrets, holes, cellars, and corners, in the worst back slums.⁴⁸

E. DOMINANCE OF EXCHANGE

Three outstanding aspects compose the prevalence of exchange in capitalist production.

First, the unpaid labor appropriated by the capitalist is in the form of unpaid surplus value. This means that the capitalist directly consumes no part or at most an insignificant portion of the unpaid product that falls into his lap. Instead, he has this unpaid product sold for money, which he will decide how to spend.⁴⁹

After payment of rent to the landlord, taxes to the capitalist state and interest to the banker, the rest of the unpaid surplus value may go to buy the means of consumption of the capitalist, whether this be in the form of fundamental sustenance or luxury. Or else, part of it may be reconverted into capital, to expand or accumulate the capital in the form of more wages and investment on instruments and materials of production. This first option is referred to by Marx as simple reproduction. The second he called accumulation of capital or expanded reproduction.⁵⁰

Second, the necessary paid product by which the workers' family subsists is in the form of value for the labor-power of the worker.

Third, this wage is in turn exchanged for the means of consumption of the worker and her or his

family.

In the case of the part of the surplus value transformed into means of consumption for the capitalist, such purchase and consumption on his part does not belong to the circuit of capitalist production and circulation. It is, on the other hand, money removed from the cycle.

Meanwhile, the money that goes to the workers as wages is money that reenters the circuit of capitalist production and circulation.⁵¹ It is money transformed into means of consumption, in turn into labor-power and then into labor that is converted into product or labor-service containing value, and so on and so forth. This wage Marx referred to as the necessary product because without it, the workers would not be able to labor continually and produce surplus value for the capitalist. It ensured production, as well as reproduction of this production. Where the workers were assured their means of energy and nourishment, production would be carried out and carried on.

But this buying and selling of labor-power did not only reproduce the worker. It laid as well the grounds for a specifically capitalist form of exploitation. The buying and sale of labor-power laid out a definite amount of value for the worker -- for the time-rate wage-worker, a definite amount per

working time, and for the piece-rate wage-worker a definite amount per product or labor-service. Once the workers in the course of production were able to produce newly created value equal to the wages, any amount of product or value produced beyond that definitely went to the capitalist as surplus value. Not only that: the more productive the workers are, the more definite newly created value they are able to produce in a given product or working period beyond the equivalent of their wage. In short, the more surplus value they are able to produce for each given amount of product, labor-service or working time.

The mode of purchase and sale of labor-power thus sets the stage for a definite as well as variable unpaid surplus value with respect to the productivity of the labor. This aspect of the mode of exchange -- wage in return for labor-power -- builds the foundation for the capitalist mode of exploitation.

Some clarification with regards to the above points: First it was mentioned earlier that the capitalist faced two options: to spend all his profit on personal consumption, and/or to reinvest part of this. Marx himself noted that the general tendency in the capitalist mode itself was for industrial capital to expand. As he stated,

Accumulation, or production on an expanded scale, which first appears as a means towards the constantly extended production of surplus value, hence the enrichment of the capitalist, as the personal end of the latter, and is part of the

general tendency of capitalist production, becomes in the course of development, as was shown in the first volume, a necessity for each individual capitalist. The constant enlargement of this capital becomes a condition for its preservation.⁵²

Indeed, during the ascension of the capitalist mode to the commanding heights of society, and when it had already reached the summit as it did in United States, Europe and Japan, that general tendency still characterized the capitalist mode there. Most units of capitalist production or capitals in these societies expanded and those that expanded more survived better.

However, this general tendency of capitalist production should be understood as a general tendency. In the same way that in these societies, most capital expanded for most of the time, other capitals stagnated or even declined, whereas some capitals did not expand all the time and for certain periods, underwent stagnation and retrenchment. Even during specific periods, the social capital or the sum of all individual capitals in society would flounder as during recessions or plunge as during depressions.

This however does not make these stagnant or falling individual capitals or the social capital any less capitalist than other individual or social capitals rising, or than these themselves when these were rising. Under such conditions, such capitals do not cease to be capitalist merely because of stagnation and degeneration. As such, the constant general tendency of capitalist production must not be mis-

taken for an essential characteristic possessed by such production at all times and in all situations.

Secondly, in the capitalist mode, Marx considered as irrelevant what types of production the means of capitalist production originated from. As he put it,

Within its circulation process, in which industrial capital functions either as money or as commodity, the circuit of industrial capital, whether in the form of money capital or commodity capital, cuts across the commodity circulation of the most varied modes of social production, in so far as this commodity circulation simultaneously reflects commodity production. Whether the commodities are the product of production based on slavery, the product of peasants (Chinese, Indian ryots), of a community (Dutch East Indies), of state production (such as existed in earlier epochs of Russian history, based on serfdom) or of half-savage hunting people, etc.—as commodities and money they confront the money and commodities in which industrial capital presents itself, and enters both into the latter's own circuit and into that of the surplus-value borne by the commodity in so far as the latter is spent as revenue; i.e. in both branches of the circulation of commodity capital.⁵³

On the other hand, Marx assumed that in a society where the capitalist mode has already dominated or predominated, goods and labor-services tended to be sold at prices approximating their values. In other words, the equal exchange of values on the whole operated. Marx described prices in capitalist production as follows:

... the farmer may sell his corn above its value, or may buy the clothes at less than

their value. He may, on the other hand, be taken advantage of by the clothes merchant. Yet, in the form of circulation now under consideration, such differences in value are purely accidental.⁵⁴

And;

F. DESPOTISM IN THE WORKPLACE

We observed in Chapter 1, that feudal control of labor-power and the means of production involved the appropriation of an unpaid product constant with respect to the individual labor-productivity, on one hand, and on the other perpetration of the laborers' bondage to the means of production to, among other reasons, allow a variable paid necessary product.

In the capitalist mode, we find the opposite. In what Marx called the primeval or prehistoric stage of capitalism, control by the would-be or the newborn capitalist was directed first, at depriving the laborers of their means of production, and second, at accumulating money for himself.

In volume I of Capital, Marx narrates in detail this episode in the evolution of capitalism. Among the methods by which this was accomplished were the varied forms of driving the peasants away from the land, the "bloody legislation against vagabond," the "extirpation," enslavement and entombment in (American) mines of the aboriginal populations, the beginning of the conquest and looting of the East Indies, the turning

It is true, commodities may be sold at prices deviating from their values, but these deviations are to be considered as infractions of the laws of exchange of commodities, which in its normal state is an exchange of equivalents, consequently no method for increasing value.⁵⁵

of Africa into a "warren for the commercial hunting of negroes," the "commercial wars of the European nations, with the globe for a theatre," "opium wars against China."⁵⁶ In one paragraph he continues,

In England at the end of the seventeenth century they arrive at a systematic combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. But they all employ the power of the State, the concentrated and organized force of society, to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power.⁵⁷

In such graphic terms Marx pictured the process of control by which the capitalist mode was erected. But, how did he describe the process of control within the capitalist mode itself?

Earlier, it was brought up that in the capitalist mode, the laborers are free to sell their labor-power. The workers may choose to work or not to work for the capitalists, in general as they may choose to

starve or not to starve. But as the capitalist may argue, at least the workers may work for the individual capitalist as they choose, in other words, sell their labor-power in the respective workplaces of their own choice. What happens to them upon entering these work places? What becomes of the freedom after it enters into the workplace?

That freedom, as Marx divulged in all clarity, was transformed into the despotism of the workplace. Marx spelt out the capitalist character of control in this way:

If, then, the control of the capitalist is in substance two-fold by reason of the twofold nature of the process of production itself-- which, on the one hand, is a social process for producing use-values, on the other, a process for creating surplus-value-- in form the control is despotic. As cooperation extends its scale, this despotism takes forms peculiar to itself. Just as at first the capitalist is relieved from actual labour so soon as his capital has reached that minimum amount with which capitalist production, as such, begins, so now he hands over the work of direct and constant supervision of the individual workmen and groups of workmen to a special kind of wage labourer. An industrial army of workmen, under the command of a capitalist, requires, like a real army, officers (managers), and sergeants (foremen, overlookers), who, while the work is being done, command in the name of the capitalist. The work of supervision becomes their established and exclusive function.⁵⁸

In the factory, sweatshop or plantation, the capitalist through a military-like system of organization is able to force the workers to

produce greater and still greater unpaid surplus value by squeezing out from them proportionally greater heights of productivity.

Marx, thus declares,

Within the process of production, as we have seen, capital acquired the command over labour, i.e., over functioning labour power or the labourer himself. Personified capital, the capitalist takes care that the labourer does his work regularly and with the proper degree of intensity. . . . Capital further developed into a coercive relation, which compels the working class to do more work than the narrow round of its own life-wants prescribes. As a product of the activity of others, as a pumper-out of surplus labour and exploiter of labour-power. It surpasses in energy, disregard of bounds, recklessness, and efficiency, all earlier systems of production based on directly compulsory labour.⁵⁹

The factory code in which capital formulates, like a private legislator, and at his own good will, his autocracy over his work-people. . . . The place of the slave driver's lash is taken by the overlooker's book of penalties. All punishments naturally resolve themselves into fines and deductions from wages, and the lawgiving talent of the factory Lysurgus so arranges matters, that a violation of his laws is, if possible, more profitable to him than the keeping of them.⁶⁰

By imposing certain levels of intensity, efficiency and economy of labor with the iron fist of quotas, sanctions, compulsory regulations, threats of dismissals and actual lay-offs, certain levels of productivity and rates of exploitation are thereby achieved.

A footnote to a preceding quotation yields a similar description

this time from Friedrich Engels, Marx's theoretical collaborator, excerpted from his 1845 work, *The Condition of the Working Class in England*:

The slavery in which the bourgeoisie has bound the proletariat come nowhere more plainly into daylight than in the factory system. In it all freedom comes to an end, both in law and in fact. The workman must be in the factory at half past five. If he comes ten minutes late, he is not allowed to enter until after breakfast, and thus loses a quarter of a day's wage. He must eat, drink and sleep at word of commands. . . . The despotic bell calls him from his bed, calls him from breakfast and dinner. And how does he fare in the mill? There the master is the absolute law-giver. He makes what regulations he pleases; he alters and makes additions to his code at pleasure; and if he insert the veriest nonsense, the courts say to the workman: 'Since you have entered into this contract voluntarily, you must carry it out! . . . These workmen are condemned to live from their ninth year till their death until this mental and bodily torture.'⁶¹

As the above accounts show, capitalist control in the workplace is wielded firstly to ensure, that certain amounts of value constant with respect to the workers' productivity are paid to them. Where the capitalist is free to expel any of his workers from the factory or plantation, he is in a vantage position to give out wages that meet no more than the basic bed-rock requirements for normal sustenance.

In the course of the rise in the productivity of labor, it is within the power of the capitalist to give the axe to what are called the "re-

dundant" workers, those no longer needed in production at the moment. These ex-laborers ejected from the workplaces must now join the pool of those already and still out of work. From them shall be recruited new batches of labor-power during the high tide of capitalist growth. This certain reserve labor force that swells and recedes with the expansion and contraction of capital ensures that there will be enough supply of labor-power to meet the demand when the time comes. In that situation, the law of supply and demand will induce the wages to seek the level of the value of labor power.

This despotism in the workplace also serves to preserve the constancy of the workers' paid product in this way: with all the force he can muster, the capitalist strives to make certain that the worker do not take for themselves any bit or piece of their product, the equipment or raw materials. The heavy penalties for what the capitalist class pronounces as "theft" the watchful eye of the supervisor and security guards, and the searching of the workers' pockets and belongings at the factory gates are all designed to forestall such a possibility. The discovery of even a bolt, some scraps of cloth or other discarded on the worker's person becomes an occasion for the capitalist to impose the most punitive sanctions, such as several months of imprisonment, a fine amounting to several days of week's pay, and outright dismissal. For the capitalist it is not so much the violation of one of the Ten Commandments that is at stake, but the committal

ment of one of the cardinal sins in capitalism, — getting more than the constant paid value agreed upon, and reducing the variable unpaid surplus value.

As depicted earlier, the second objective of capitalist control in the workplace is the maximization of productivity and the unpaid surplus value that varies accordingly.

Those who attribute to the capitalist mode of exploitation the quality of "economic compulsion" and "pressure" and "appropriation of unpaid labor by exchange" work on

the bases of notions from bourgeois political economy that Marx has struggled long and hard to exorcise.⁶² Marx in his time had already clearly laid open the fact that it was labor-power, and not labor itself which the capitalist bought from the worker, and that the worker was exploited above and beyond the equivalent of the value of their labor-power. This freedom of purchase and the sale of labor-power is mediated and conditioned by this despotic exploitation of labor power in the workplace that Marx and Engels so well illustrated.

II. THE CAPITALIST SOCIAL FORMATION AND CLASS STRUCTURE

As with the feudal mode, the capitalist mode of production maintained supremacy in society when the bulk of the unpaid labor generated throughout that society was appropriated via the capitalist mode of production alone, or in combination with secondary modes dominated by capitalist characteristics.

In review, such a mode may be recognized by its following essential features:

The capitalist mode of exploitation — where the laborers appropriate a necessary paid value or wage constant with respect to the productivity of their labor, while creating unpaid

surplus value variable with respect to that productivity;

- The capitalist level of productive forces — where labor is large-scale or marked by cooperation;
- The capitalist mode of circulation — the majority of the necessary paid product undergoes exchange before consumption;
- the separation of the labourers from their means of production and subsistence; and
- Despotism aimed at maximizing the productivity of labor and increasing the variable unpaid

surplus value.

Marx places this genesis of capitalist production to have been:

Although we come across the first beginnings of capitalist production as early as the fourteenth or fifteenth century, sporadically, in certain towns of Mediterranean, the capitalistic era dates from the sixteenth century.⁶³

The capitalist mode is imbued with the following classes:

The Capitalists. This social category is synonymous with what Engels referred to as the "bourgeoisie" in a footnote to the Manifesto of the Communist Party:

the class of modern capitalists, owners of the means of social production, and employers of wage labour.⁶⁴

The term itself has though since been used to denote as well all those dealing in pre-capitalist forms of capital such as merchant's or usurer's capital.⁶⁵

As with feudal lords, membership in the capitalist class is not restricted to those who do not engage in productive labour at all. Those who perform for instance managerial or supervisory labor, may belong to that class but if and only if they bear the following characteristics:

- The net unpaid labor appropriated by them (the unpaid labor appropriated by them minus that appropriated from them by others) accounts for 95 per cent or more of the net

labor they appropriate (the unpaid labor appropriated by them plus their paid labor minus the unpaid labor appropriated from them).

- 50 per cent or more (50 to 100 per cent) of the unpaid labor appropriated by them is derived from capitalist production.

The capitalist class as a whole embraces various types. Aside from the enterprise-capitalists, it includes

- the rentier-capitalists receiving capitalist land rent;
- the merchant-capitalists who buy the goods of capitalist production at an underprice and sell these on the average at their value;
- the banker-capitalist collecting interest from the enterprise, rentier and merchant-capitalists;
- the gambling-operator capitalist taking bets from the other kinds of capitalists.
- the private executives of capitalist enterprises paid exorbitantly high compensation in cash or kind.
- the public executives acquiring incomes in cash or in kind from any of a possible combination of salaries, allowances, bribes, funds from graft derived from a government treasury financed by taxes collected mainly from the enterprise as well as from other types of capitalists;

- speculators in the stock market funded from profits of capitalist production, etc.

The Upper Petty Bourgeoisie. Corresponding to the feudal rich peasants, this class or stratum embodies the following:

- The net unpaid labor appropriated by them (unpaid labor appropriated by them minus their unpaid labor appropriated from them) is 50 to 95 per cent of their total net labor appropriated (unpaid labor appropriated by them plus their paid labor minus the unpaid labor appropriated from them).
- 50 per cent or more (50 to 100 per cent) of the unpaid labor appropriated by them comes from capitalist production.

To this class may belong those engaged in productive labor as employees or self-employed persons who at the same time derive their main source of income from capitalist exploitation through stocks, money market placements, bank deposits, merchandising and dealership of goods, inflated salaries and allowances from capitalist enterprises, graft from public funds financed from capitalist production, etc.

The Upper-Middle Petty Bourgeoisie. This class or stratum is the counterpart of the upper-middle peasantry. It possesses the following features:

- The net unpaid labor they appropriate (unpaid labor appro-

priated by them minus the unpaid labor appropriated from them) is more than zero to less than 50 per cent of the net labor appropriated by them (unpaid labor appropriated by them plus their labor minus the unpaid labor appropriated from them).

- 50 per cent or more of the unpaid labor appropriated by them originates from capitalist production.

It may derive its unpaid labor in the forms mentioned above in the case of bourgeoisie and the upper petty bourgeoisie.

The Lower-Middle Petty Bourgeoisie. The equivalent of the lower-middle peasantry in the capitalist social structure, it is distinguished by the following:

- The net unpaid labor appropriated from them (the unpaid labor appropriated from them minus the unpaid labor appropriated by them) is more than zero but less than 50 per cent of their paid labour minus the unpaid labour appropriated by them).
- More than 50 per cent (50 to 100 per cent) of their net labor is generated in capitalist production (constant paid product in the form of wages, salaries or allowances, and variable unpaid value; large-scale labor; dispossession of the means of production and subsistence; consumption of necessary paid product in the form mainly of

commodities).

The Modern Proletariat. The qualification "modern" serves to differentiate it from the proletariat of the slave era, which was recognized only by its complete lack of possession of its own means of production.

Similarly, a fairly large number of schools of so-called political economy have erred lumping together under the heading "proletariat" a wide variety of "hired laborers". This has been resorted to without properly discriminating as to the laborers' relationship to the means of production, subsistence, the level of forces of production one engaged in, the mode of circulation of the paid product and above all, the specific mode of exploitation they are subjected to. Such a superficial and haphazard evaluation of classes merely obscures the actual class relations obtaining in society.

On the basis of the preceding discussion of the capitalist mode, the proletariat can be described as follows:

- The net paid labor appropriated from them (unpaid labor appropriated from them minus unpaid labor appropriated by them) is 50% or more of their net labor (unpaid labor appropriated from them plus their paid labor minus the unpaid labor they appropriated from others).
- At a given time, 50% or more of the unpaid labor appropriated

from them is generated in capitalist production (constant paid value and variable unpaid value in relation to productivity; large scale labor, separation of the laborers from the means of production and/or subsistence; the necessary paid product is mainly in the form of commodity).

The proletariat is not restricted to those producing products and not exclusive of those producing labor-services, such as those engaged in transport, communications storage and education. As long as they manifest the above features such laborers -- whether producers of products or labor-services -- are proletarians.

1. Marx Capital, Vol. I, p. 81: "Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known. . . The labour-power withdrawn from the market by wear and tear and death must be continually replaced by, at the very least an equal amount of fresh labour power. Hence the sum of the means of subsistence necessary for the production of labour power must include the means necessary for their labourer's subsistence, i.e., his children, in order that this race of peculiar commodity owners may perpetuate its appearance in the market. In order to modify the human organism, so that it may acquire skill and hardiness in a given branch of industry, and become labour power of a special kind, a special education or training is requisite, and this, on its part, costs an equivalent in commodities of a greater or less amount. This amount varies according to the more or less complicated character of the labour power. The expenses of this education (excessively small in the case of ordinary labour power) enter *pro tanto* [to the extent] into the value spent in its production." Ibid., p.82: "If the price of the labour-power falls to this minimum, it falls below its value, since under such circumstances it can be maintained and developed only in a crippled state. But the value of every commodity is determined by the labour time requisite to turn it out so as to be of normal quality.";

Ibid., p. 996: "On the other hand, the values of the means of production used up in the process are pre-

served, and present themselves afresh as constituent parts of the value of the product; the values of the cotton and the spindle for instance reappear again in the value of the yarn. The value of the means of production is therefore preserved, by being transferred to the product." Ibid., p. 98:

The reason why means of production do not lose their value at the same time that they lose their use-value is this: they lose in the labour process the original form of their use-value, only to assume in the product the form of a new-use-value."

3. Ibid.
4. Ibid., p. 93: "Therefore, the value of labour-power, and the value which that labour power creates in the labour process, are two entirely different magnitudes; and this difference of the two values was that the capitalist had in view when he was purchasing the labour power."
5. Ibid., p. 153.
6. Ibid., p. 101.
7. Ibid., p. 103.
8. Ibid., p. 152.
9. Ibid., p. 200.
10. Ibid., p. 95.
11. Ibid., p. 81; Ibid., p. 95: "All labour of a higher or more complicated character than average labour is expenditure of labour-power of a more costly kind, labour-power whose production has cost more time and labour, and which therefore has a higher value, than unskilled or simple labour-power. This power being of higher value, its consumption is a labour of a higher class, labour that

creates in equal times proportionally higher values than unskilled labour does."

12. Ibid., p. 155.
13. Ibid., p. 95.
14. Ibid.
15. Ibid., p. 198.
16. Ibid., p. 201.
17. Ibid., p. 155.
18. Ibid., p. 157.
19. Ibid., p. 161: "For example, the outlay on raw material is 30 times as great for the capitalist who employs 300 men as it is for each of the 30 capitalists who employ 10 men."
20. Ibid., p. 163
21. Ibid., p. 181.
22. Ibid., p. 158.
23. Ibid., p. 163.
24. Ibid., p. 182.
25. Ibid., p. 210-201.
26. Ibid., p. 210-211.
27. Ibid., p. 227.
28. Ibid., p. 158.
29. Ibid., p. 158-159.
30. Ibid., p. 160.
31. Ibid.
32. Ibid.
33. Ibid.
34. Ibid.
35. Ibid.
36. Ibid., p. 163.
37. Ibid., p. 354.
38. Ibid., p. 285.
39. Ibid., pp. 80-81, 354-355.
40. Ibid., pp. 355.
41. Ibid., p. 364.
42. Ibid.
43. Ibid., pp. 369-370.
44. Ibid., p. 370.
45. Ibid., p. 377.
46. Ibid., p. 350.
47. Ibid.
48. Ibid.
49. Ibid., p. 306. "In the controversies on this subject, the chief fact as generally been overlooked, viz., the *differentia specifica* (specific characteristic) of capitalist production. Labour power is sold today, not with a view of satisfying, by its services or by its product, the personal needs of the buyer. His aim is augmentation of his capital, production of commodities containing more labour than he pays for, containing, therefore, a portion of value that costs him nothing, and that is nevertheless realized when the commodities are sold. Production of surplus value is the absolute law of this mode of production."
50. Ibid., p. 280: "If this revenue serve the capitalists only as a fund to pro-

vide for his consumption, and be spent as periodically as it is gained, then, *caeteris paribus*, simple production will take place."

51. Marx, *Capital*, Vol. II, (David Fernbach, ed.), Penguin Books Ltd., Middlesex, England, 1978, p. 155: "Of the worker's circulation L—M—C (labour-power — money — commodities), which includes his consumption, only the first link falls into the circuit of capital, as the result of M — L. The second act, i., e., M — C, does not fall into the circuit of the individual capital, although it proceeds from it. The constant existence of the working class, however, is necessary for the capitalist class, and so, therefore, is the consumption of the worker mediated by M — C."
52. Marx, *Capital*, Vol. II, p. 159.
53. *Ibid.*, p. 189.
54. Marx, *Capital* Vol. I, p. 71.
55. *Ibid.*, p. 75.
56. *Ibid.*, p. 364.
57. *Ibid.*
58. *Ibid.*, p. 162.
59. *Ibid.*, p. 208.
60. *Ibid.*, p. 150.
61. *Ibid.*, p. 208.
62. Amin, Samir *Unequal Development: An Essay on the Social Formation of Peripheral Capitalism*. The Harvester Press, Sussex, England, 1976, p. 15: "The feudal mode of production implies: (1) the organization of society into two classes, that of the lords of the land (whose property is alienable) and that of the serf-tenants;

- (2) appropriation of the surplus by the lords of the land, as a matter of right ("dues") and not through commodity relations; (3) absence of commodity exchange inside the 'domain' which constitutes the primary cell of this kind of society. Hindess, Bruce and Hirst, Paul, *Pre-Capitalist Modes of Production*, Routledge and Kegan Paul, 1975, pp. 101-102: "The appropriation of surplus-labor under capitalism takes place through a system of commodity exchange involving the production of commodities by means of commodities."; Tiglao, Rigoberto, "Tenancy in an Underdeveloped Capitalism", *Feudalism and Capitalism in the Philippines: Trends and Implications*, Foundation for Nationalist Studies, Quezon City, 1982, p. 46: "In contrast, the mode of appropriation of surplus labor in pre-capitalist systems work generally through non-economic means (i.e., not contained in the process of production mechanisms)."
63. Marx, Karl, *Capital*, Vol. I, pp. 355.
64. Marx, Karl and Engels, Friedrich, *Manifesto of the Communist Party*, (Samuel Moore, transl., and F. Engels, ed.) Encyclopaedia Britannica, Inc., Chicago, 1952, p. 419.
65. Marx, Karl, *Capital*, Vol. III, P. 442: "And yet not only trade, but also trading capital, is older than the capitalist mode of production, and in fact the oldest historical mode in which capital has an independent existence"; *Ibid*, p. 730: "Interest-bearing capital, or to describe it in its archaic form, usurer's capital, belongs together with its twin brother, merchant's capital, to the ante-diluvian forms of capital which long precede the capitalist mode of production and are to be found in the most diverse socio-economic formations."

CHAPTER 3

THE SEMI-FEUDAL AND SEMI-CAPITALIST MODES OF PRODUCTION

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What has so far been described are the feudal and capitalist modes of production and their integral aspects. We have seen that in all the essential categories, the feudal and capitalist modes exhibit opposite characteristics.

However, in the transition from pre-capitalist to capitalist societies such as Japan, Western Europe, the United States and others today, there have emerged intermediate or, so to speak, cross-breed modes of production marked by essentially feudal as well as essentially capitalist features. The same intermediate modes have likewise appeared in African, Latin American and Asian social formations experiencing a decline in the prevailing feudal mode. These modes can be categorized into two specific basic types: the

semi-feudal and semi-capitalist.

Since these modes are better understood if discussed together, we will combine the analysis of the two in this chapter.

In general, the semi-feudal mode can be described initially as one where feudal characteristics or elements dominate but where non-feudal elements or characteristics exist to a secondary but significant extent. On the other hand, the semi-capitalist mode can be considered as one where capitalist characteristics or elements prevail but where non-capitalist qualities are present to a significant but secondary degree.

These modes can in turn be more easily comprehended if we subdivide them into certain types.

I. TYPES OF SEMI-FEUDAL AND SEMI-CAPITALIST MODES OF PRODUCTION

A. THE FIRST TYPE OF THE SEMI-FEUDAL MODE

Here, the mode of exploitation is distinctly feudal as the **entire unpaid portion of product or labor is constant in relation to the productivity of the labor that produces it, while the entire paid portion of the product or labor is variable.**

This type pertains to that kind of production where the laboring household or production unit sharing the paid product entirely undertakes the labor performed in the production process, or partly engages in equal exchange of labor with other production units. The laborers do not exploit others by hiring them for this process.

The constant unpaid part of the product or labor may be extracted through any sort of formal or informal land rent (extortion, tribute or "protection" money; gratuitous or completely uncompensatory religious and other various organizational dues, taxes wholly without recompense on taxes collected from settlers¹); fines entirely without benefit to those paying these; land purchase payments (whereby the entire work on the clearing, cultivation and irrigation of the land was shouldered by the laboring household or unit alone or through labor exchange with others) usury; underpricing or

undercompensation of goods and services bought from, and the overpricing and overcompensation of goods and services sold to laborers (which may also take the form of inadequately or partly compensatory tribute, taxes, fines, dues or land purchase payments) and gambling bets.

In this first type, since the mode of exploitation already partakes of a feudal nature, the feudal quality of the exploitative relations automatically and necessarily establishes their primacy within the entire mode. However, in at least one of the other essential categories of the mode the relation is not correspondingly feudal. In other words, the feudal mode of exploitation is not matched by similarly feudal characteristics in one or more of the remaining essential aspects. Therefore, though the relationship is clearly dominated by the feudal aspect, it is to a secondary but significant extent non-feudal. In such a case the relationship takes on a semi-feudal character.

This holds true for the following sub-types of relations:

1. Feudal Mode of Exploitation, Productive Forces, and Relationship to Means of Production Combined with Non-Feudal Mode of Circulation

The mode of exploitation is characteristically feudal owing to the constancy of the unpaid part of the product and the variability of the paid portion with respect to the individual labor-productivity. However, unlike the feudal mode where most of the necessary paid product (the laborer's share minus deductions for production expenses) is consumed directly, most of the necessary paid product is exchanged (sold or bartered off) to obtain means of subsistence. This product may be in the form of a staple or supplementary food product such as rice, the laborers' share of which traditionally goes directly to household consumption. And yet, exchange of commodity economy may advance to a point where it encroaches and even takes over the domain of the paid product. In such an event, the bulk of this paid product enters exchange before it is transformed into means of consumption. Falling under this classification is much of the growing of corn, peanut, bean, banana, and coffee by tribal and settler households in the Cordilleras.² Through underprices and tolls collected or checkpoints, these ren-

der semi-unpaid produce to the merchants and the military. In latter-day medieval times, European peasants often cultivated wheat as a cash crop, deriving most of their means of subsistence from money income.

Such a kind of production characterizing as well the raising of industrial crops to supply raw materials for either local or foreign capitalist production is typified in the Philippines by much coconut farming in the uplands. Here, peasant household rely entirely on their family or exchange labor to produce commodities severely underpriced by barrio and town buyers. In this category also belongs the animal-raising (*paiwi* in tagalog or *polima* in Cebuano) arrangement whereby the peasants mainly depend on cash income to sustain them during their animal husbandry activities.

This semi-feudal sub-type of production embraces, too, a great deal of independent pig, chicken, duck, cow, carabao, firewood, and charcoal making, mining (gold panning, gravel-collecting, etc.) sub-

sistence fishing and handicraft production wholly undertaken by peasant households basically reliant on cash or barter for sustenance. Victimized by underpricing, they are then subject to the overpricing of inputs sold by dealers and items bought from the local stores and canteens. Part of their product and income is also rendered as semi-feudal unpaid labor to cattle-rustlers, pirates, and gambling-den operators.

This also encompasses the small-scale, commodity producing vendors, small-time food processors and retailers, repairmen and artisans who do not hire labourers nor rent equipment. They are frequent objects of the appropriation of constant unpaid product in the form of extortion payments, inter-

est (the most common being the 5-6, or 20 per cent daily, weekly or monthly interest)³ in the Philippines, overpricing of both means of production and consumption, underpricing of their products or labor-services, and gambling bets (in the Philippines, the most popular being those for jai-alai, masiao, hueteng and "last two digits").⁴

Though some of these petty "self-employed" commodity producers as in the case of those preparing and selling meals may directly consume part of their product, when the money "net" income (or the paid portion from exchange minus the value of the materials and equipment used up and spent) exceeds the necessary product they consume directly, then that production is semi-feudal.

2. Feudal Mode of Exploitation, Circulation and Relationship to Means of Production Combined with Non-Feudal Level of Productive Forces

The entire unpaid part of the product remains constant in relation to labor productivity and the entire paid portion variable, but where the following non-feudal feature is present: the labor is principally large-scale. By this is meant that amount of present labor undertaken on a large scale (that is, with 10 or more persons working together simultaneously in a common field of work to produce a single, kind of product) presents itself as the major part (50 to 100 per cent) of the entire present labor performed.

In this subtype as in the first subtype, there are no labourers hired or instruments rented (including working facilities such as work-houses) by the production unit.

In the period when capitalist society in Japan was being weaned away from feudal production, farming was often undertaken by relatively large groups (numbering more than ten per group or extended tenant peasant families or those with informal kinship ties).⁵

In current Philippine society,

this kind of relations of production can be seen in the cutting and selling of timber, rattan, bamboo and bakol by groups of 12 to 20 peasants or in the shoreline fishing by gangs of 10 to 15 persons. Their

B. THE FIRST TYPE OF SEMI-CAPITALIST MODE

When the mode of production is distinguished by an unpaid value variable and a paid value constant in relation to the labor-productivity, the mode of exploitation is distinctly capitalist. Under this arrangement, the laborer's independent household works entirely with means of production they neither own nor possess, and neither do they possess any significant means of subsistence (the consumption in terms of present + past labor amounts to no more than 5% of their paid product). Instead, they receive a certain amount of money or commodity for each period of work-time or for each piece of work or product done. More or less equal to the price of their means of normal subsistence. In short, they receive a wage and produce goods or services for sale. In the process, these wage workers create an unpaid value that varies with their productivity. And yet, at least one of the other essential features of this mode of production is definitely not capitalist, as in the following cases:

1. Small-Scale Wage Labor

When the productive forces are not mature enough such that the

produce is ordinarily sold to traders at atrociously low prices far below their value. The underprice they render to the merchant is semi-feudal unpaid labor.

labor performed in production is still small-scale. This means that 9 or less persons labor simultaneously in a given work area producing an identical product for a single employer or corporation of employers.

Marx describes this sort of production as the formal subsumption of labor by capital. In his own words,

If on one hand, the mere formal subjection of labor to capital suffices for the production of absolute surplus value, if e.g., it is sufficient that handicraftsmen who previously worked on their own account, or were apprentices of a master, should become wage labourers under the direct control of a capitalist...⁶

and still,

The class of wage labourers, which arose in the latter half of the fourteenth century, formed then and in the following century only a very small part of the population, well protected in its position by the independent peasant proprietary in the country and the guild organization in the town. In country and town, master and workmen stood close together socially. The subordination of labour to capital was only formal - i.e., the mode of production itself has as yet no specific capitalist character.⁷

The first subtype is found in many of the small establishments such as bakeries, beauty parlors, and art-sign, motor and appliance repair, vulcanizing and machine shops.

2. Indentured Wage Labor

We have already discussed the situation where the laborer possesses means of production and subsistence. Such a possession causes the paid product to be variable vis-a-vis the productivity of the labor, and thus determines a definitely non-capitalist mode of exploitation. This type of relationship already constitutes a form of bondage of the labourer to the means of production and subsistence -- a quality in direct contradiction to one of the essential features of capitalist production, namely, the laborers' detachment from the means of production and subsistence.

On the other hand, the typically non-capitalist feature of bondage to the means of production and subsistence is not limited to their possession by the laborers. The tying down of the labourers to the means of production and subsistence can take place without their having to possess these. This can arise, for instance, in the event of debt bondage. In short, by ties of credit to their employers, wage-workers can be attached to their means of production and subsistence.

Bereft of any means of production and subsistence, wage-labourers have often been before or during the course of their employment brought upon to incur some

amount of debt to their employers. But doing so, they are obliged or forced to stay put indefinitely as labourers of their creditors until they are able to repay their loans. Fitting this pattern was an arrangement known during the early days of capitalism in the United States as "indentured labor": workers recruited in Europe for employment in the "New World" would owe their employers the sum of money spent to make the trip overseas. Only after paying up could they break loose from the grip of their employment and the conditions of their work.

The above relations of production make up a capitalist mode of exploitation attended by at least one essential non-capitalist feature.

The preceding discussion brings us now to two special types of production and exploitation that closely resemble the one we have just discussed. In these two cases, as with the ones we focused on earlier, the wage-workers (they and their fellow members of their households possessing neither means of production nor means of subsistence for their work) receive certain paid amounts of product constant and produce paid amounts of product or work variable with respect to the productivity of their labor. In that regard, they produce in accordance for the greater part with the capitalist mode of exploitation. On the other hand, they in the first case do not receive constant paid value, and in the second case, do not produce variable unpaid value. Let us take these two cases one by one.

3. Special Types of Semi-Capitalist Production

"Subsistence Wage" Labor. In the first, the laborers (granting that they and their co-household members do not possess means of production and subsistence) receive their paid product in a form that they do not exchange, but rather in the main consume directly, as, say, in 10 cavans of rice for a working season. Direct consumption instead of exchange dominates the mode of circulation and the reproduction of labor-power. Given these conditions, the production and exploitation of the laborers by such an arrangement assumes a semi-capitalist character. The unpaid labor they produce for their exploiters is semi-capitalist.

Production by Wages Labor of Unpaid Surplus Product or Service Without Value. In the second case, we have the opposite: this time, it is the unpaid product and labor-service that goes to the exploiter that is not in the form of commodity or of value. This happens when the product or labor-service produced by them are not sold by the employer. Wage labor does not necessarily mean the production of surplus value. Surplus value, in the first place, involves the production of value, in other words, commodities in the form of products or services sold to others. When the laborers are paid wages to produce products or labor-services that are not sold but are rather enjoyed or consumed themselves by their employers, they do produce surplus unpaid products or service or perform surplus unpaid labor. But

they do not produce unpaid surplus value.

For instance, take the case of 12 wage-workers who rely entirely on constant paid value or product for their subsistence, and who work with means of production completely not in their possession. Assumed that they are hired to build a house. In as much as they along with their households rely on wages for their subsistence, possess no means of their production and receive amounts of paid value per day or per amount of work constant with respect to the productivity of their labor, they are wage workers. They perform wage labour. But consider now that the house is not sold by their employer, but is reserved for his own use. The product is thus instead consumed by the exploiter of the wage-labourers. Such a production fulfills the prerequisites for capitalist production (large-scale wage labor, separation of the workers from the means of production and subsistence) except for one quality: the wage-workers do not produce unpaid surplus value.

That production is not capitalist yet. It is dominated by capitalist features, but it still lacks one essential ingredient of capitalist production: the production of surplus value. It is a semi-capitalist mode of production. The unpaid labor the wage-workers render to their employer is semi-capitalist.

If in this particular production,

the house were to be sold by the wage-exploiter to others, as in the case of "subdivision developers" and "construction investors," the production and exploitation of the wage laborers become capitalist.

So in the production of labor-services: if the labor-services produced by the wage-laborers are not sold but consumed by their employers themselves, then the production and exploitation of the wage-workers is semi-capitalist. The unpaid surplus labor they render in the form of labor-service is semi-capitalist.

This goes for example for a staff of, say, 10 bookkeepers working in any capitalist enterprise and paid wages. The labor-service of bookkeeping itself does not add value to the product of the enterprise. But it does constitute an important kind of labor-service to the capitalist, necessary in his exercise of capitalist control of the company. In the rendering of the labor-service, the bookkeepers perform a certain amount of labor to produce a service that varies with the individual productivity of their bookkeeping labor. Irrespective of that productivity, they are paid a constant amount of value in the form of their wages. The difference between the amount of average socially necessary labor represented by their wages and the average socially necessary to produce the individual labor-service they render for a given period constitutes the unpaid labor appropriated by the employer. This unpaid labor that goes to the capitalist is not sold but taken and enjoyed by the capitalist himself. It

is unpaid surplus labor but not unpaid surplus value. The production of the bookkeeping service and the exploitation of the wage-bookkeepers is semi-capitalist. Their unpaid labor is semi-capitalist.

This holds for all other labor-services not themselves sold or that do not themselves enter into products being sold. Included here are the services of bank employees, gambling establishments, most of those hired in commercial outlets (whose work centers on the preparation of receipts, and the guarding of merchandise, etc.), staffers of the marketing and advertising departments of companies, security guards directly hired.

The semi-capitalist unpaid labor appropriated by the employers in the form of such labor-service is a secondary element in the unpaid labor appropriated by these institutions. First of all, the wages paid to these employees are deductions from the unpaid labor appropriated via other methods: in the case of the banks, from the interest and other lending charges; in the case of the gambling outfits, from the gambling bets; in the stores, from the underpricing and overpricing of goods; and in the case of security and marketing sections, from the production of whatever goods they are assigned to plug or safeguard. Secondly, these services -- both the paid portion equivalent to the wages and the semi-capitalist unpaid portion of the labor-service -- were sought to aid the proprie-

tors of these businesses in the continual extraction of such unpaid labor as mentioned above.

As for advertising companies security agencies and other firms selling labor-services, the labor-service produced by their wage employees becomes a commodity. In short, these wage laborers produce unpaid surplus value. When this wage-labor is performed on a large-scale, the unpaid surplus value produced takes on a capitalist character. Where, as in the first two

subtypes, the labor is small-scale or the laborers are bound to the means of production by debt, such unpaid surplus value remains semi-capitalist.

Whether these employees produce value or not, in such establishments the labor-service they produce is still secondary to the unpaid labor as enumerated above, the appropriation of which is the central objective of these undertakings.

C. THE SECOND TYPE OF THE SEMI-FEUDAL AND SEMI-CAPITALIST MODES OF PRODUCTION

In this type both the entire unpaid product and the entire paid product are variable with respect to the productivity of the labor. As such, the mode of exploitation is neither distinctly feudal nor dis-

tinctly capitalist. However, in the other remaining essential categories, the feudal aspects dominates over the non-feudal ones. As a result, the mode assumes a semi-feudal character.

1. The Variability of Both Paid and Unpaid Product in Relation to Individual Productivity

Let us reserve the discussion on how such feudal characteristics prevail over the non-feudal for now. Let us first delve into how both the paid and the unpaid parts of the product become variable in relation to the individual labor-productivity.

Such a situation can spring from many varied conditions. Let us discuss these one by one.

Calculation of Value or Labor-Depreciation of Equipment Rented Out. Any equipment or instrument of production that is at the same time a commodity represents an amount of value or average socially necessary labor involved in its production. Its use-value that is eaten up bit by bit in normal use in production corresponds to a proportional part of the value transferred to the product during production. Where the instruments are rented

out for money, even if those renting these out are themselves the producers or the proprietors of the production units producing them, then the value-equivalent of the instrument's use-value of these consumed in production is measured in terms of the average socially necessary past and present labor in producing and maintaining the instruments. In such a case, the maintenance labor and materials spent are measured likewise in terms of the social average.

Where there instruments are rented out via barter (for instance, in exchange for part of the rice these were used to produce), then only that part of the instruments or maintenance labor-service or materials that were **bought** is measured in terms of the average socially necessary labor. The other portion not **bought** such as the maintenance labor performed or the maintenance materials, produced and even parts or the whole of the instruments itself made by those renting out the instruments, or by their employees are measured in terms of their individual labor.

For a certain period of time, say, for a certain amount of work or labor-service (LS), an average amount of the entire average socially necessary and individual labor to produce and maintain that certain means of production $x_A(m_1t)$, is transformed into the product. This may be approximated by getting a sufficient number of samples of the amounts of labor represented in the means of production of this kind or make and used up during a certain given time period, or for a certain given amount of work, and dividing this by the number of samples. This may be expressed as:

$$\begin{aligned} n &= \text{number of samples} \\ x &= \frac{x_{(m_1t)_1} + x_{(m_1t)_2} + \dots + x_{(m_1t)_n}}{n} \\ x_{A(m_1)LS} &= \frac{x_{(m_1(LS))_1} + \dots + x_{(m_1t)_n}}{n} \end{aligned}$$

This amount of average socially necessary and/or individual labor represents that which is on the average transformed (in the case of the average socially necessary labor, value transferred also) into the product or work for which it was used. In the case of durable means of consumption (such as houses) rented by laboring households, this amount of average

socially necessary and/or individual labor represents that which is on the average transformed into labor-power or personally consumed by the laboring household.

A certain money-rental represents a certain amount of average socially necessary labor, while a certain rental paid in non-commodity natural produce (such as rice product itself of the renting laborer) represents an amount of individual labor.

Calculation of Paid and Unpaid Labor in Renting Equipment. Let us now assume that in line with our previous example in Chapter 1, the plow which is estimated to be used up on the average at the rate of 2.75 labor-minutes per day is rented out to another peasant household in exchange for the rice produce of that household.

Let us say that the rice produce which is to be exchanged for the use of the plow amounted to 1 labor-day per cavan or 9.6 labor-minutes (9 labor-minutes, 36 labor-seconds) per kilo. Consider that the rent for one day's use of the plow is one kilo of rice which in the case of the peasant household renting the plow amounts to 9.6 labor-minutes per kilo. The means that if the renting peasant household uses up the plow at its average rate of normal depreciation, that is, at 2.75 labor-minutes worth of means of production and pays 9.6 labor-minutes in rice for each day of the plow's use, then on the average the peasant household renting out the plow will be appropriating an unpaid labor equal to 6.85 labor-minutes (9.6 - 2.75 labor-minutes) for every day that the plow is rented out.

However, within the range of normal usage, the actual depreciation for each individual use of the plow by each individual renting household will depend on the individual productivity with which the plow is specifically used. Individually, therefore, depending on the skill and efficiency with which the plow is wielded daily the plow might be depreciated at a daily rate, say, of 2.6; 2.7; 2.8; 2.95; or 3.5 labor-minutes per day. These are rates which fluctuate or revolve around the average depreciation of 2.75 labor-minutes per day's use of the plow.

So for each day of the individual use of the plow, the individual productive consumption or depreciation will differ by so much from the average. The more efficient the use of the plow, the less consumption of the plow, per day to produce the daily work of plowing. The less efficient, on the other hand, the more the plow is consumed per day of use.

Where the rental is set high enough above the average consumption or depreciation so much so that any use of the plow within the normal range (even the most inefficient use within normal limits) will still fall short of the equivalent in rental payment then those renting out the instruments can normally expect an amount of unpaid product in the form of overprice each time is rented out.

However, such unpaid labor will rest on the actual depreciation or the consumption of the plow by its user, in other words, on their individual productivity of the labor of handling the plow. Thus,

$$\begin{aligned} \text{unpaid product} &= \text{Rent} - \text{Actual Depreciation (Product-Equivalent)} \\ \text{unpaid labor} &= \text{Labor} - \text{Equivalent of Rental} - \text{Labor} - \text{Equivalent of Depreciation/Consumption of Instrument} \end{aligned}$$

The higher the level of efficiency with which the laborer uses that instrument being rented, the greater is the unpaid product or labor extracted by these renting out the instrument at an overprice. The lower the level of the efficiency, on other hand, the less is the unpaid product or labor appropriated through the rental.

Conversely, the higher the productivity and efficiency of the user of the plow, the greater the product-equivalent of the plowing labor for each given labor-day. The more paid product -- or product for personal consumption -- will go to the user of the plow.

Both the unpaid product in the form of the overprice gained by those renting out the instrument and the paid product enjoyed by those renting the instrument are variable with respect to the productivity of the labor of the user.

This is amplified in the case where the user exercises co-possession of the rented instrument, as in the case where the renter is responsible for replacing or restoring certain parts of the instrument used up. This occurs for instance in the renting of jeepneys and tricycles where the renting drivers are often required to spend for the vulcanization of blown tires.

Nature of Paid and Unpaid Product in Renting Durable Means of Consumption. Now for the durable means of consumption rented by the laborers. Where these, as in houses for instance, are rented out at an overprice, the landlord or landlady appropriates unpaid labor from the occupant.

In addition, as Marx pointed out,

In connection with contract of rental

for houses and other things that are fixed capital for their proprietors and are rented out as such, legislation has always recognized the distinction between normal deterioration, produced by time, the influence of the elements and normal wear and tear, and the occasional repairs that are necessary from time to time for maintenance in the course of the normal life of a house and its normal use. As a rule, the first fall on the landlord, the second on the tenant. Repairs are further divided into ordinary and substantial. The latter represent in part a renewal of fixed capital in its natural form, and also fall on the landlord, unless the contract expressly states the opposite.⁸

In other words, owner and tenant of the house exercise co-possession of it. The more productive-

ly and efficiently the house is maintained by the resident laborers, the less unpaid product of labor will be appropriated by the landlady or landlord (which is measured as: rental minus value of repairs and restoration). On the other hand, the more productively and efficiently the laboring household maintains that house, the less the part of their paid product that has to go to house repairs in general and the more can be channeled into other forms of personal consumption, such as food, clothing and the like. Here again, we find both unpaid and paid parts of the product variable with respect to the productivity with which the laborer uses an instrument, of production, of their labor-power.

2. Co-Possession By The Rentier and Rent-Payer of the Means of Production

"Net Sharing" Arrangements. For one, the laboring household group may receive a certain percentage of the "net" product -- the total product minus expenses for replacing the means of production.

In that sense, a certain portion of the product-equivalent of the present labor or the real net product goes into the expenses of production.

We put "net" in quotation marks since what this refers to differs from the scientific interpretation of the real net product -- which is the product-equivalent of the present labor, or specifically in capitalist production, the newly created value. Rather, "net" here refers to the remainder of the produce after deduction of expenses which may include payments for overpriced means of production. In this case, part of the unpaid labor is appropriated through unequal exchange.

At any rate, this type of arrangement connotes that the rent-taker shares in the responsibility of replacing the means of production. The efficiency of the laborer in handling the means of production will variably determine the amount of product that must be allotted to replace the means of production. The higher the efficiency the less amount of means of production is used up and thus transformed into the product. The less the amount of labor thus transformed into the product, the less amount of the

product that must be returned to production as replacement for means of production.

For instance, a tenant household pays to the Landlord 50 per cent of the "net" product -- the remainder of the total produce after subtracting the portion allocated for the seeds, fertilizers and rent of the plow and carabao.

Let us recall our discussion about the 3 cavans of seeds that as if by magic were transformed into an equivalent of 4 cavans owing to the higher individual productivity of the current production process compared to that from which the seeds came. Since 3 cavans and not 4 cavans of grain will be recycled into the production process in order to reproduce and not expand it, the product-equivalent of the seeds -- in this case, the extra one cavan -- will be transformed partly, 50 per cent or 1/2 cavan, into the unpaid product of the landlord, and partly, 50 per cent again or 1/2 cavan, into the paid product of the peasants.

Thus, in such an arrangement, both the paid and unpaid portions of the product vary in accordance with the individual productivity of the labor.

A second form of co-possession by the rentier of the means of production arises where by quit-rent, partary and labor-rent are accompanied by the obligation of the rentier to shoulder certain specific -- no general, this time -- expenses such as seeds, while the laborers take care of spending for the ferti-

lizers, for instance.

Where the recipient of land rent rents out any instrument such as the plow or carabao to the laborers, he on his part partially possesses the means of production. As shown in the example of the plow rented out, his unpaid part of the product will thereby vary according to the productivity of the use of the plow by the tenant household.

From this type of arrangement is excluded the instance when the means of production which the rentier is supposed to provide or replace is merely an extension of feudal labor rent. This happens when the rentier is able to compel a peasant household or a group of peasant households to be entirely responsible for tending and maintaining a herd or draft animals which the rentier regularly or occasionally draws upon for free to use in cultivating his land. What does count as rentier co-possession is the case where the rentier allots a part of his share for maintaining the animals.

In this "net" arrangement, we find the unpaid portion of the product in the form of rent, like the paid part, variable in relation to the individual labor-productivity. And yet, other forms of unpaid product may be extracted from the rent-paying laborers which are unlike the rent constant with respect to the individual labor-productivity.

Granting that the rent-paying household does not hire and in the process exploit other laborers, such

amounts of constant unpaid product may be taken from them through the overpricing of means of production and/or consumption, underpricing, interest and gambling.

Consider for instance that the rentier and the rent-paying laborers share equally in the costs of 2 bags of fertilizer. Let us say that the bags are worth 1/2 labor-day or P100 each but are sold to them at 1 labor-day or P200 each. If shouldering the cost of one bag, the rent-payer will render to the merchant selling the fertilizer an overprice of 1/2 labor-day or P100. This amount of unpaid product is constant irregardless of the individual productivity of the labor, while the paid portion -- the share of the peasants for their personal consumption -- is variable. We therefore come upon a mode of exploitation here that is distinctly feudal in contrast to the rent-extraction that is neither distinctly feudal nor capitalist in the mode of exploitation.

The co-existence of such different modes of exploitation on the same laborers need not be perpetrated by different exploiters, as in this case where the rentier is not one and the same person as the merchant.

The rentier himself may be the very same one that sells the fertilizer to the peasant, or exacts a certain interest from the rent-payer in debt or buys the share of the peasant at an underprice or collects gambling bets from the peasant household. In so doing, he extracts an unpaid product variable

to the individual labor-productivity in the form of rent, as well as amounts of unpaid product constant in response to that labor-productivity this time in the form of overprice, underprice, interest and gambling revenue. Whether this constant unpaid product is feudal or semi-feudal, will depend on the other essential relations of production such as mode of circulation and level of productive forces. In such an event, whatever unpaid variable product the hired laborers produce is partly appropriated by their co-laborers hiring them. Let us explore this point in a subsequent discussion.

Possession by Hired Laborers of the Means of Production and/or Subsistence. What should be highlighted at this point is that mere possession of the means of production by hired laborers makes them produce a paid and unpaid product both variable in relation to the individual labor productivity. However, this circumstance may be further accentuated by what has referred to as the possession by the laborers of their means of subsistence.

Supplementary Sources of Variable Paid Product. By this we mean any of three supplementary sources of paid product of the laborers during the period of their hired employment:

- any significant amount of independent production of grains, vegetables, animals, fish processed food, fruits, for direct consumption and sale for cash (this may involved harvesting from

own lots, gardens, gathering of snails, fishing in the streams and paddies, selling or eating of domesticated pigs, chicken, eggs, goats, vending, etc.). The labor represented in the amount of these consumed would make up at least 5 per cent of the labor equivalent of the total means of consumption of the laborer during their hired employment;

- any share of the product or money income of the hired laborer's household as tenant; and
- any significant amount of produce or income from working for a share or fraction of the crop or product as hired laborers (e.g. in rice harvesting).

This supplementary means of sustenance may be derived from any of the following:

- simultaneous work of the spouse of the hired laborer;
- simultaneous production of the children or any other household member aside from members of nuclear family;
- spare-time production of the hired laborer after regular working hours as hired laborer;
- paid surplus produce or income carried over from previous production of the kind enumerated above as sources of means of subsistence; and
- credit in kind or cash to be repaid from the share of the produce as derived again from inde-

pendent production, tenant share or percentage as hired laborer.

Semi-Wages. Where the hired laborers rely in part on independent production to shore up their labor-power, such hired labor in a way and to some extent resembles labor rent. Here, too, at least part of the present labor of the hired worker is generated by labor-power supplied by means of subsistence derived from "outside" production -- from the independent activity of the laboring household. Like in corvee labor, that entire part of the present labor generated from labor power supplied by the working household's independent production is appropriated for free by the hirer or exploiter. In mathematical terms, this part would be the ratio of the labor represented by the means of consumption coming from the household's independent product over the labor equivalent of the entire means of consumption of the household. As such, in enterprises that appear to be capitalist, the hirer (such as the proprietors of the South African gold mines hiring tribal laborers whose households depend partly on subsistence production in their tribal lands) can afford to pay low amounts of compensation to the hired. In that sense, even the compensation of these workers do not as yet constitute wages -- since they only supply a portion of the means of subsistence of their households. What they receive is only partially a wage. It is a semi-wage.

What makes it unlike labor rent is that here the exploiter -- whether co-laborer (as in the case

of working tenants or owner-cultivators) or non-laborers by possessing at least part of the means of production extracts an unpaid part of the product variable with respect to the individual productivity and efficiency of the hired laborer. Whereas, in labor rent, the corvee rentier by owning the land though not possessing the means of production on it is able to get for himself an unpaid product constant irrespective of the productivity and efficiency of the labor.

Earlier, we saw that where the hired laborers partially possess means of production, the paid product they appropriate is variable with respect to the labor-productivity. Here, wherever the hired laborers possess means of subsistence, the necessary portion of their hired labor and product does not rely entirely on their paid product as hired laborers. This is partly supplied by means of subsistence which they possess. This means of subsistence in their possession is variable in relation to the productivity of the labor which produces it. This is so in the case of independent production, where the hired laborers' household acts as actual or virtual owner-cultivator or owner-laborer in the patches of grain or vegetables they cultivate, in their fishing in the streams, paddies and seaside, in the making or vending, say, of food or handicraft items for sale, and so on and so forth.

This is likewise true in the case where the hired laborers' pay is partly supplemented by the share of the household as, say, rice, corn or coconut land tenant. And thus

is as well in the case of the supplementary means of subsistence from, say, rice weeding-harvesting-threshing, the amount of unhusked rice received here being dependent on the productivity and efficiency of the labor performed. Therefore, where the hired laborers possess means of subsistence, the entire necessary product -- or means of subsistence from which they get their energy for hired labor, partly coming from their compensation as hired labor, and partly from that which they possess -- is an amount variable with respect to the productivity of the labor that produced it. A constant amount plus a variable amount is turned into a variable amount. That entire necessary product whether or not the hired laborers receive a wage or a constant paid product or value in hired employment (as they do when they do not own the instruments of production they use in hired labor) varies with respect to the productivity of the labor that produced it.

In other words, where the hired laborers possess means of subsistence, their unpaid portion of the product as well as their necessary paid portions both vary in accordance with the individual productivity.

Hired Laborers Whose Incomes are Supplemented by Those of Tool-Possessing Co-Household Members. This also goes with the situation whereby the hired laborer receives compensation below the necessary product -- below that necessary to normally maintain her or his family -- and relies partly on

his/her or any of a co-household member's supplementary paid product from production performed using means possessed by the household member. This supplementary income differs from means of subsistence possessed by the household in that this compensation is in the form of an amount in cash or in kind that does not change in accordance with the productivity, say 10 pesos per day or 2 cavans per season. To that extent, it resembles a wage. But it is not because the compensation pays not for labor-power alone. For instance, a laborer may be hired to manually weed field for 10 pesos a day. Since this is not adequate enough for normal sustenance, the spouse or any of the children or co-household members is compelled to supplement this daily income. This co-household member also hired himself out to say cut grass to feed somebody else's horses. For this she or he is paid say 10 pesos daily. To cut the grass, she or he uses the household's sickle. Thus, the 10 pesos does not make the entire paid product. Part of it must go to replacing the depreciation of the sickle. The consumption of the sickle depends on the efficiency of its user. Therefore the paid product from cutting the grass varies with the efficiency of the grass-cutter.

The paid part of the product from manual weeding -- the 10 pesos paid for that -- is one constant irrespective of the productivity of the weeding labor. But that income is not enough to support the family normally. It is thus supplemented by the paid income from

cutting the grass. That income varies with the efficiency of the grass-cutting labor. The total daily income of the household consists of two parts: one, constant and the other variable with respect to the productivity of the labor. However, the total income is only one entity. But together, the whole income even if one part remains constant -- varies with the productivity of the labor that produces it. The whole necessary paid product or income varies or changes along with the labor-productivity of the household.

So we have here two basic conditions which may occur singly or in combination:

- the hired laborer possesses means of subsistence.
- the hired laborer possesses means of production in performing as hired labor, while a co-household member likewise possesses means of production performing hired labor for which she or he receives a compensation that supplies part of the necessary paid product. Where any of these conditions prevail, the hired laborers produce unpaid and necessary paid products both variables with respect to the productivity of the labor that produced them.

Calculations on Variability of Paid and Unpaid Products in Relation to Individual Productivity. Now we may proceed to the detailed calculation of how this occurs in the case of hired laborers possessing their means of production. We

may divide our discussion according to three types of compensation:

- amount of money or product for a given work period;
- amount of money or product for a given piece of work; and
- a percentage of the produce for a given stage of the labor process.

Amount of Money or Product per Given Work-Period. Consider for instance, a laborer hired to plow a field using a carabao. For this, let us say he is paid 50 pesos a day. This type of laborer is normally expected to do a certain minimum amount of work per day, or to finish a certain task within a maximum number of days. In agriculture, the product only reveals itself at harvest time. The productivity of each stage of agriculture labor will only reveal itself at the end of the entire labor process. The productivity of the labor at each stage will be equivalent to the individual productivity of the entire labor process. Let us assume the plowing to have amounted to 3

labor-days, the plow to be possessed by the hired (in this case, a tenant) to have been purchased is at the average efficiency used up at the rate of P1.25 a day or 3 minutes of average socially necessary labor. The carabao on the other hand is owned or possessed by the hired laborer, who obtained this by barter. On the average, each day of the use of the carabao uses up 60 labor-minutes of individual labor. Of this 60 labor-minutes, 1/2 or 30 labor minutes is represented by that part obtained through barter.

Let us also grant that the average social productivity in the production of rice 3/4 cavan per labor-day. Given the value of money to be P200 per labor-day, each cavan amounts to 3-1/3 labor-day or P233 per cavan.

Let us say that the total purchased means of production used up in production amounted to P700 or 4 days of average socially necessary labor. This was equivalent to 3 cavans of the 53 cavans harvest.

Consider the total present labor to have been 98 labor-days and the total past labor represented by non-purchased means of production to have been 2 labor-days. The individual productivity of the production process is thus,

$$x_2 + y = 98 + 2 \text{ labor-days (present labor plus labor equivalent of non-purchased or non-commodity means of production)} \\ = 100 \text{ labor-days}$$

$$A_2 + B = 53 \text{ cavans} - 3 \text{ cavans}$$

$$50 \text{ cavans} = \text{the product - equivalent of this present labor and past labor in non-commodity means of production.}$$

v (individual productivity)

$$= \frac{A_x A_2 + B}{x_2 y} \\ = \frac{50 \text{ cavans}}{100 \text{ labor-days}}$$

$$= 1/2 \text{ cavan/labor-day}$$

$$y_{(1)} = \text{plowing labor (labor for first stage of production process)}$$

$$y_{(2)} = \text{labor for second stage}$$

$$n = \text{number of stages of present labor}$$

$$y = \text{total present labor}$$

$$y = y_{(1)} + y_{(2)} + \dots + y_{(n)}$$

Based on the individual productivity of the entire labor process of 1/2 cavan per labor-day, the product-equivalent of the present labor during the first stage (plowing for 3 days) is:

$$B_{(1)} = v y_{(1)} \\ = (1/2 \text{ cavan/labor-day}) (3 \text{ labor-days}) \\ = 1.5 \text{ cavans}$$

But the hired laborers in this case renders to the hirers not only a product-equivalent of his present labor. He also transforms part of the means of production in his possession -- here, the carabao -- into the product. He thereby also renders a product-equivalent of his possessed means of production used up in the plowing.

Since the carabao represents non-purchased means of production, the labor represented in the carabao and transformed into the rice product is measured in terms of the individual productivity of the production process. Let us grant that the hired laborer worked with the carabao for 3 days of plowing at the average level of efficiency. Therefore, he used up 180 labor-minutes worth of the carabao during that 3 days (60 labor-minutes per day of use of carabao x 3 days of use).

$$x_{2(1)HD} = 180 \text{ labor-minutes}$$

$$A_{2(1)HD} = v x_{2(1)HD} \\ = (1/2 \text{ cavan/labor-day}) (180 \text{ labor-minutes}) \\ = (25 \text{ kilos/480 labor-minutes}) (180 \text{ labor-minutes}) \\ = 9.3 \text{ kilos}$$

Also consider that in using the plow possessed by the hiring tenant, the hired laborer also transforms at the average level of efficiency one part of the plow consumed into a certain equivalent of the rice product. Since the plow was purchased, this transformation takes place in accordance with the mechanism of value, or the average social productivity.

$$x_{1(1)HR} = 3 \text{ minutes of average socially necessary labor (equivalent to } \text{P}1.25 \text{) per day of use of plow x 3 days of plow}$$

$$= 9 \text{ minutes of average socially necessary labor}$$

$$A_{1(1)HR} = s x_{1(1)HR} \\ = (3/4 \text{ cavan/labor-day}) (9 \text{ minutes of average socially necessary labor}) \\ = \text{roughly } .7 \text{ kilo}$$

Hired laborers possessing means of production (both purchased and non-purchased components) render thus to their employers not only the product-equivalent of their present labor but also the product-equivalent of the means of production possessed by them and used up during production. In addition, they transform part of the means of production not possessed by them into the product.

where $y_{(1)}v$ = product-equivalent of present labor.

$sx_{1(1)HD}$ = product-equivalent of purchased means of production possessed by hired laborer and used up during production.

$vx_{2(1)HD}$ = product-equivalent of non-purchased means of production possessed by hired laborer and used up during production.

$sx_{1(1)HR}$ = product-equivalent of purchased means of production possessed by hirers and used up during production of hired laborer

$vx_{2(1)HR}$ = product-equivalent of non-purchased means of production possessed by hirers and used up during production of hired laborer

The total product-equivalent created or transformed from past labor during the labor of the hired laborer is —

$$vy_{(1)} + sx_{1(1)HD} + vx_{2(1)HD} + sx_{1(1)HR} + vx_{2(1)HR}$$

In the above example, this amounts to:

$$= 75 \text{ kilos} + 9.3 \text{ kilos} + .7 \text{ kilos}$$

$$= \text{roughly } 85.0 \text{ kilos}$$

But what the hired laborer actually renders to the hirers is:

$$vy_{(1)} + sx_{1(1)HD} + vx_{2(1)HD}$$

In this case, it is:

$$= 75 \text{ kilos} + 9.3 \text{ kilos}$$

$$= 84.3 \text{ kilos}$$

This product rendered is compensated by a certain amount of money or product ($P_{H(1)}$). Where this compensation is in the form of money and the value of money (F) is 1 labor-day per 200 pesos, this amount of money can be expressed in its equivalent in product:

$$= sFP_{H(1)}$$

$$= \frac{(3/4 \text{ cavan})}{\text{labor-day}} \times \frac{(1 \text{ labor-day})}{200 \text{ pesos}}$$

$$\times P 150 \text{ for 3 days}$$

$$= 28.125 \text{ kilos}$$

When the compensation is in the form of a product coming from a previous production process of the hirer say from the previous rice harvest, the product-equivalent of that compensation is measured both in terms of the individual product of that previous process (v_1) and the individual productivity of this current process (v), as in:

$$= \frac{vP_{H(1)}}{v_1}$$

The entire unpaid product appropriated by the hirers would be:

$$vy_{(1)} + sx_{1(1)HD} + vx_{2(1)HD} - \frac{sFP_{H(1)} \text{ (or } vP_{H(1)})}{v_1}$$

In the example, this would come to:

$$P_{UN} = 75 \text{ kilos} + 9.3 \text{ kilos} - 28.125 \text{ kilos}$$

$$= 56.2083 \text{ kilos}$$

The paid product of the hired laborer (that which goes to his and his family's personal consumption) is:

$$P_{H(1)} - sx_{1(1)HD} - vx_{2(1)HD}$$

(v_2 here being the individual productivity of the labor in making the product to barter off and replace the means of production obtained by barter)

Consider if for instance in the 60 labor-minutes used up in the carabao per day of use, 30, labor-minutes of these correspond to the amount of labor respected by the work-animal when it was acquired by means of barter. This meant the accumulated labor performed in the breeding and rearing of the animal.

Therefore, at the average of 30 minutes of such labor from barter used up per day, 90 labor-minutes of such day's use of the carabao must be allotted as replacement for this part of the labor consumed productively.

This product-equivalent calculated on the basis of the individual productivity of the labor in the specific production of the product to be exchanged for the object of the barter would be (assuming the hired laborer were paid in rice-product instead of pesos).

$$\begin{aligned} A_{2(1)HDB} &= VX_{2(1)HDB} \\ &= (1/2 \text{ cavan/labor-day}) (90 \text{ labor-minutes}) \\ &= 4.6 \text{ kilos} \end{aligned}$$

Assuming that the paid product were in the form of the rice-produce, this would be:

$$\begin{aligned} P_{P(H_1)} &= 28.125 \text{ kilos} - 4.6 \text{ kilos} \\ &= 23.4583 \text{ kilos} \end{aligned}$$

If the individual productivity of the plowing falls to say, 2 cavans per 5 labor-days, then the net-product (or the product-equivalent of the present labor) would fall from 75 kilos to:

$$\begin{aligned} B_H &= \frac{3 \text{ labor-days (100 kilos)}}{5 \text{ labor-days}} \\ &= 60 \text{ kilos} \end{aligned}$$

and the product-equivalent of the non-purchased means of production possessed by the hired laborer and used up in his production would likewise drop from 9.3 kilos to:

$$\begin{aligned} A_{2(1)HD} &= \frac{3/8 \text{ labor-days (100 kilos)}}{5 \text{ labor-days}} \\ &= 7.5 \text{ kilos} \end{aligned}$$

Given the other factors to be constant, the unpaid product falls from 56.2083 kilos to:

$$\begin{aligned} P_{UN} &= 60 \text{ kilos} + 7.5 \text{ kilos} - 28.125 \text{ kilos} \\ &= 39.375 \text{ kilos} \end{aligned}$$

In addition, the more productively the hired laborer handles the means of production possessed by his hirers, the less the amount of production for each amount of product or labor-service produced.

For instance, if the efficiency of the laborer rises so that instead of 9 labor-minutes of plow used up during 3 days of its use in the production of the entire 53 cavans, 7 labor-minutes were used up. Given all other factors to be constant, the amount of product that would have to be set aside from the product appropriated by the hirers for replacement of the purchased plow would be as follows:

$$\begin{aligned} S &= 3/4 \text{ cavan/labor-day} \\ X_{1(1)HR} &= 7 \text{ labor-minutes} \\ SX_{1(1)HR} &= (3/4 \text{ cavan/labor-day}) (7 \text{ labor-minutes}) \\ &= \text{roughly } .62 \text{ kilos} \end{aligned}$$

In the previous case where 9 labor-minutes of the plow were used up, the amount of rice-produce that would have to replace this would be:

$$\begin{aligned} SX_{1(1)HR} &= (3/4 \text{ cavan/labor-day}) (9 \text{ labor-minutes}) \\ &= .8 \text{ kilo} \end{aligned}$$

In that case, .18 kilo more (or .8 - .62 kilos) would be added to the unpaid product appropriated by the hirers.

If on the other hand the hired laborer is less efficient in handling the means of production possessed by his employers, then a greater amount of means of production is productively consumed for each quantity of product or labor-service created.

For instance, if the efficiency of the hired laborers fall such that instead of 9 labor-minutes of plow used up during plowing, 11 labor-minutes of plow were consumed. Given all other factors to be constant, then the quantity of product that would have to be deducted from the product appropriated by the hirers to replace the 11 labor-minutes of plow used up would be:

$$\begin{aligned} SX_{1(1)HR} &= \frac{(3/4 \text{ cavan/labor-day})}{(11 \text{ labor-minutes})} \\ &= 1.08 \text{ kilos} \end{aligned}$$

Compared to the case where 9 labor-minutes of plow were used up .28 kilos more will have to be deducted from the unpaid product (the part going to the personal consumption of the hirers).

If say, the efficiency of the hired laborer in handling the means of production which his own household possesses rises so much so that only 25

labor-minutes equivalent to the bartered component of the carabao were consumed daily instead of the average 20 labor-minutes. Given all other factors to be constant, the amount of product that must go to replace this (granting that the compensation was disbursed in the form of rice-produce) is:

$$\begin{aligned} vx_{2(1)HD} &= (1/2 \text{ cavan /labor-day}) (25 \text{ labor-minutes} \times 3 \text{ days}) \\ &= \text{roughly 3.9 kilos} \end{aligned}$$

In that event, the paid product appropriated by the hired laborer is:

$$\begin{aligned} P_{P(H_1)} &= 28.125 \text{ kilos} - 3.9 \text{ kilos} \\ &= 24.225 \text{ kilos} \end{aligned}$$

instead of:

$$= 23.4583 \text{ kilos}$$

Consider now the productivity of the hired laborers in handling the carabao to decline: 100 labor-minutes instead of the average 90 equivalent to the bartered component is used up during the 3 days of plowing. The following amount of product (granting that all other factors are the same) must now go to replace the bartered component of the carabao consumed in production:

$$\begin{aligned} vx_{2(1)HD} &= (1/2 \text{ cavan/labor-day}) (100 \text{ labor-minutes}) \\ &= 10.4 \text{ kilos} \end{aligned}$$

Instead of 23.4583 kilos, the paid product of the hired laborer falls to:

$$\begin{aligned} P_{P(H_1)} &= 28.125 \text{ kilos} - 10.4 \text{ kilos} \\ &= 17.625 \text{ kilos} \end{aligned}$$

In the arrangements where the hirer and the hired both possess means of production, the paid and unpaid product produced by the hired laborers varies with the labor-productivity.

Amount of Money or Product per Piece of Work. Under this arrangement, the same mode of exploitation operates. The only difference is that in the first case the present labor and the past labor in means of production used by the hired laborer is transformed by him into the product during a certain range of working-time. Whereas, in this second case, that production is supposed to yield a certain stage of work.

Again, the unpaid product is computed as:

$$vy_{(1)} + sx_{1(1)HD} + vx_{1(1)HD} - P_{(H_1)}$$

and the paid product of the hired labor as:

$$P_{H_1} - sx_{1(1)HD} - vx_{2(1)HD}$$

Both likewise vary according to the productivity of the labor that produces them.

● The case of the Sugarcane Cutters ●

This mode of compensation is widely used in Philippine agriculture. One example would be cane cutting in the local sugar haciendas. Here, the cane cutters are ordinarily paid by the pieces of cane cut.

At first glance, it may appear that since the *hacendero* or some other kind of hirer pays the cane cutter a definite amount per cane cut, the cane cutter renders to their hirers a constant unpaid part of the product per quantity of cane cut.

However, what must be remembered is that the end product of this productive process is not the sugar cane itself, but the raw sugar processed in the mill. Sugar cane should be regarded as a sort of raw material in the production of raw sugar. For a given amount of sugar cane, the sugar that is produced varies according to the speed with which the cane is cut. The quicker the cane is cut and delivered to the mill, the greater the sugar (pureza) content in the cane is preserved. The slower the cutting and transport, the less sugar is retained in the cane. As such, the unpaid product that accrues to the exploiter of the cane cutter, including the *hacendero* and the miller, varies with respect to the productivity, skill and efficiency of the hired labor.

On the other hand, the paid product or labor that goes to the cane cutter's personal consumption varies with the efficiency and skill with which they handle their cutting knives (known in Negros Island, as the *ispading*). The more efficiently they handle these (the less the depreciation per amount of cane cut), the less the amount that must be withdrawn from their compensation to refurbish their means of production, the *ispading*. On the other hand, the less efficiency they wield these (the greater the depreciation per quantity of cane cut), the more that should be disbursed from their pay to restore or replace these. In other words, the paid product changes too in response to the productivity of the hired labor.

● The Case of Hired Coconut Pickers ●

Such a situation also pervades coconut production. First of all, the productivity of the hired harvester will determine how much of the future crop is protected or damaged. This would involve the skill with which they pick out the ripe from the unripe coconut, the care with which they handle the buds, the effect of their climbing techniques on the trunk and eventually on the yield of the trees. Secondly, as in the case of sugar production, the speed and efficiency and methods with which the picking, piling, hauling, husking, splitting of the nuts, as well as the removal, drying and transport of the coconut meat is undertaken likewise determines not only the quantity but also the quality of the copra or meat.

For instance, the more efficiently these operations are carried out, the greater the oil content (*resecada*) is maintained or enhanced. The less efficient, the less the oil content of the product. Note, however, that as in sugar production, this does not prevent the miller from manipulating the grading of the copra and coconuts so as to further underprice the commodity.

As with the hired laborers in sugar production, the efficiency with which the hired coconut laborers use and maintain their tools and equipment directly determines the paid portion of their compensation.

● The Case of Rice Harvester-Threshers ●

In the case of rice farming, the compensation of the harvester-threshers may be expressed as (where m = percentage share of the crop) :

$$mP \text{ or } m(A_1 + A_2 + B)$$

Given the above information, the product-equivalent of the present labor of the harvester-threshers may be calculated as follows:

$$= 30 \text{ labor-days } \frac{(1 \text{ cavan})}{2 \text{ labor-days}}$$

$$= 15 \text{ cavans}$$

The product-equivalent of the purchased means of production possessed by the harvester-threshers:

$$= \frac{P5 (1 \text{ labor-day})}{P200} \times \frac{(1 \text{ cavan})}{\text{labor-day}}$$

$$= .025 \text{ cavan or } 1.25 \text{ kilos}$$

The non-purchased means of production possessed by the harvester-threshers and used up in production:

$$= 1 \text{ labor-day } \frac{(1 \text{ cavan})}{2 \text{ labor-days}}$$

$$= .5 \text{ cavan or } 25 \text{ kilos}$$

The bartered part of this non-purchased means of production is:

$$\begin{aligned} vx_{2(HDB)} &= 1/2 \text{ labor-day } (1 \text{ cavan}/2 \text{ labor-days}) \\ &= 1/4 \text{ cavan or } 12.5 \text{ kilos} \end{aligned}$$

They rendered to their hirers a total of 15.525 cavans or 776.25 kilos.

The unpaid product that the hirers appropriated from the hired in this case is:

$$P_{UN} = vy_H + vx_{2(H)} + sx_{1(H)} - m(A_1 + A_2 + B)$$

In that example, it is:

$$\begin{aligned} &= 15.525 \text{ cavan} - 6.25 \text{ cavans} \\ &= 9.275 \text{ cavans} \end{aligned}$$

On the other hand, the paid product is nor the share itself of the harvester-threshers. From this will have to be deducted a part to replace the means of production possessed by them and consumed in production:

$$P_{P(H)} = m(A_1 + A_2 + B) - vx_{2(HDB)} - sx_{1(H)}$$

In this case, it is:

$$\begin{aligned} &= 6.25 \text{ cavans} - .25 \text{ cavan} - 0.25 \text{ cavan} \\ &= 5.975 \text{ cavans} \end{aligned}$$

The unpaid portion of the product can be expressed as:

$$(x_{2(H)} + y_{(H)}) \frac{(A_2 + B)}{x_2 + y} + x_{1(H)} \frac{(A_1)}{x_1} - m(A_1 + A_2 + B)$$

and in turn as:

$$\frac{(x_{2(H)} + y_H)(A_2 + B)}{(x_2 + y)} - \frac{x_{1(H)}}{x_1} - mA_1 - m(A_2 + B)$$

We will notice here that whenever $\frac{y_H + x_{2(H)}}{y + x_2}$ or the share of the present labor and non-purchased past labor of the harvester-threshers in the total present and non-purchased labor is greater than m (their compensation-share of the product), then any increase in $A_2 + B$, the individual productivity of the present labor, including that of the harvester-threshers, will raise the product-equivalent of the present labor, and non-purchased past labor. This includes that of the harvester-threshers, and thus their unpaid product.

On the other hand, if $\frac{y_H + x_{2(H)}}{y + x_2}$ is less than the ratio of the harvester-threshers' share of the crop, then any increase in the individual productivity in general, and in particular, that of the harvester-threshers will lower the unpaid product.

Since the share of the harvester-threshers in the present and non-purchased past labor is usually at least 25 per cent or $1/4$ of the entire present and non-purchased past labor and their share of the crop usually $1/6$ or below, the unpaid product produced by them is ordinarily in direct proportion to the productivity of their labor.

● The Case of the Rice Gama Laborers ●

This becomes even more so in the new harvesting or harvesting-threshing arrangements where the hired laborers must weed certain plots to gain the right to harvest and secure a share of the crop. Such practices are called *gama* in the Southern Tagalog and Central Luzon regions, *agui-agui* in Bohol, *sagod* in Western Visayas, *dumdum* in Mindanao, etc. Other similar obligations include the *atorga* in Central Luzon and *prendes* in Eastern Visayas where the harvester are required to do the rice planting as well without immediate payment.⁹

Therefore, while the share in the labor of the harvesters rises, their share of the crop remains the same, and even tends to fall. In some areas, the harvesters' share has gone down to as low as one-twelfth of the crop. So, this situation leaves an even wider gap from the threshold beyond which a rise in the productivity of the labor lower the unpaid product.

Since there is no apparent payment for the weeding labor, this weeding labor is often regarded as a form of labor rent, whereby the entire

labor, work or product-equivalent appropriated is unpaid. However, this does not hold water for *gama* and other similar arrangements since the weeding labor and its product-equivalent. The entire paid and unpaid labor relation here should not be considered in terms of the weeding labor or harvesting labor alone, but for the entire package of labor performed (weeding, harvesting, etc.). The unpaid product here should be normally calculated as the entire product-equivalent of the weeding, harvesting or harvesting-threshing labor and used up means of production of the hired laborers minus their share of the crop.

The weeding labor may be regarded only as labor rent when by some abnormal circumstance or for one reason or another, the weeder after weeding is dismissed by the hirer and is not allowed to collect a share of the crop. (Incidentally, this sort of thing happens on occasion when the hiring tenant or owner-cultivator is dissatisfied with the weeding of the hired laborers. However, such situation are few and far between and do not constitute the normal run of events.)

What happens when weeding or planting tasks are added to the added to the obligation of the harvesters is that unpaid product as well as the ratio between the paid and unpaid labor rises. Thus a rise in the individual productivity of the entire present labor as well as that of the harvesters automatically raises the product-equivalent of their present and non-purchased labor contribution.

The unpaid portion of the product of the hired laborers - in the absolute sense the amount of unpaid product - changes in response to the productivity of the labor that produces it.

For instance, consider the productivity of the present labor, in general, and that of the harvesters in particular, to rise from $1/2$ cavan per labor-day to 1 cavan per labor-day. On top of this, the efficiency of the harvesters is raised so much so that P3 instead of P5 worth of sickle, and $3/4$ labor-day instead of 1 labor-day of carabao (its bartered component now $3/8$ instead of $1/2$ labor-day) are used for such a production. Let us say that the entire amount of present labor, as those of each individual stages of the labor-process, remains as is. Let us also grant that the productivity of the entire present labor climbs such that instead of 10 days of non-purchased means of production, 8 labor-days were used up, and instead of 5 days of average socially necessary labor in purchased means of production, 3 such labor-days were consumed in production.

The product-equivalent of their present labor of 30 labor-days shoots up thus from 15 cavans to:

$$\begin{aligned} &= 30 \text{ labor-days (1 cavan/labor-day)} \\ &= 30 \text{ cavans or 1,500 kilos} \end{aligned}$$

On the other hand, the product-equivalent of their purchased means of production (the sickle) falls from 1.25 kilos to:

$$= \frac{P3 (1 \text{ labor-day}) \times 1 \text{ cavan/labor-day}}{P200}$$

$$= .015 \text{ cavan or .75 kilo}$$

Whereas, the product-equivalent of their non-purchased means of production (say, the carabao used for threshing) goes up from 25 kilos to:

$$= (3/4 \text{ labor-day}) (1 \text{ cavan/labor-day})$$

$$= .75 \text{ cavan or 37.5 kilos}$$

The total product they render to their hirers now, instead of 15,525 cavans or 776.25 kilos, is:

$$= 30.765 \text{ cavans or 1,538.25 kilos}$$

Based on the above changes in productivity, the total harvest will amount to:

Where the present labor = 80 labor-days

Non-purchased means of production used up = 8 labor-days

Purchased means of used up = 3 labor-days

$$= 80 \text{ labor-days (1cavan/labor-day)} + 8 \text{ labor-days}$$

$$\frac{(1\text{cavan})}{\text{labor-day}} + 3 \text{ labor-days } \frac{(1 \text{ cavan})}{\text{labor-day}}$$

$$= 91 \text{ cavan}$$

The absolute share of the harvesters will now amount to:

$$= 1/8 (91 \text{ cavans})$$

$$= 11.375 \text{ cavans}$$

The unpaid part of the product they produce thus rises from 9.275 cavan to:

$$= 30.765 \text{ cavans} - 11.375 \text{ cavans}$$

$$= 19.39 \text{ cavans}$$

In relative terms, let us compare this to the former unpaid product. The ratio of the former unpaid product to the entire product (harvest) was:

$$\frac{= vY_H + vx_{2(H)} + sx_{1(H)} - mP}{P}$$

$$= \frac{9.275 \text{ cavans}}{50 \text{ cavans}} \quad \text{or 18.55 per cent}$$

Now this ratio is:

$$= \frac{19.39 \text{ cavans}}{91 \text{ cavans}}$$

$$= 21.3 \text{ per cent}$$

The ratio of the former unpaid product to the entire product rendered was:

$$\frac{= vY_H + vx_{2(H)} + sx_{1(H)} - mP}{P}$$

$$= \frac{9.275 \text{ cavans}}{15.525 \text{ cavans}}$$

$$= \text{roughly 59.8 per cent}$$

Now this ratio is

$$= \frac{19.39 \text{ cavans}}{30.765 \text{ cavans}}$$

$$= \text{roughly 63.3 per cent}$$

Therefore in both absolute and relative terms, the unpaid portion of the product varies with the productivity of the labor that produces it.

On the other hand, the paid product of the harvesters changes in response to the efficiency with which they wield their means of production. Variations in the efficiency measured in both purchased and non-purchased past labor transformed into the product for each given quantity product.

$$\frac{x_{2(H)}}{A_1 + A_2 + B} \quad \text{and} \quad \frac{x_{1(H)}}{A_1 + A_2 + B}$$

will change both the paid produce $mP - vx_{2(H)} - sx_{1(H)}$ (in the absolute sense) and the ratio of paid product over entire product, $mP - vx_{2(HDB)} - sx_{1(H)}$ and of paid product rendered,

$$\frac{mP - vx_{2(HDB)} + sx_{1(H)}}{vy_H + vy_{2(H)} + sx_{1(H)}} \quad (\text{in the relative sense}).$$

Using the above example of variation in productivity, we find that the amount of paid product rises from 5.975 cavans to:

$$\begin{aligned} &= mP - vx_{2(HDB)} - sx_{1(H)} \\ &= (1/8) (91 \text{ cavans}) - \frac{(1 \text{ cavan}) (3/8 \text{ labor-days})}{\text{labor-day}} - \frac{1 \text{ cavan} (P3) 1 \text{ LD}}{\text{labor-day} (P200)} \\ &= 11.375 \text{ cavans} - .125 \text{ cavans} - .015 \text{ cavan} \\ &= 11.235 \text{ cavans} \end{aligned}$$

In addition, the ratio of the paid product over the entire product or harvest which used to be:

$$\begin{aligned} &= \frac{mP - vx_{2(HDB)} - sx_{1(H)}}{P} \\ &= \frac{5.975 \text{ cavans}}{50 \text{ cavans}} \\ &= 11.95 \text{ per cent} \end{aligned}$$

now becomes,

$$= \frac{11.235 \text{ cavans}}{91 \text{ cavans}}$$

While the ratio of the paid part of the product over the entire product rendered by the harvesters which used to be:

$$\begin{aligned} &= \frac{mP - vx_{2(HDB)} - sx_{1(H)}}{vy_H + vx_{2(HDB)} - sx_{1(H)}} \\ &= \frac{5.975 \text{ cavans}}{15.525 \text{ cavans}} \end{aligned}$$

= roughly 37.1 per cent

is now,

$$= \frac{11.235 \text{ cavan}}{30.765 \text{ cavans}}$$

= roughly 36.7 per cent

Thus, in both absolute and relative senses, the paid portion of the product varies with respect to the productivity of the labor that produces it. The more efficient the harvesters are in the use and care of their sickles, the greater their paid share of the entire product. The less efficient they are in handling these means of production, the less their paid product and the less their paid share of the entire produce.

Therefore, we can see that in such arrangements both paid and unpaid product rise and fall in response to the productivity of the labor that produce them.

3. The Hiring and Exploitation by Laborers Possessing Means of Production and Subsistence

The Composite of the Hirer's Share of Present Labor and the Unpaid Labor Appropriated from the Hired. Now we come to the question: What happens if laborers possessing means of production and/or subsistence do hire and exploit other laborers possessing the means of production and/or subsistence. What happen to the rent, interest, overpricing, underpricing and gambling profit that is taken from the laborer-exploiter? What mode of exploitation prevails in such a case?

Previously, we discussed the exploitation of such hired laborers possessing the means of production and/or subsistence. We found here both the unpaid and paid produced by these type of laborers are variable with respect to the productivity of the labor that produced these.

Whoever initially gets hold of this unpaid product has in his or her hands variable unpaid product. When laborers, such as working tenants or owner-cultivators (including settlers), hire and exploit other laborers, the variable unpaid product produced by such hired laborers falls into the hands of these laboring exploiters.

Take for instance a tenant or an owner cultivator that hires harvester-threshers as in the previous example. For the sake of illustration, let us grant that all other present labor in such rice production was performed by the tenant or owner-cultivator. In the above example which we will adopt now, the hirer of the harvester-threshers appropriated a variable unpaid product amounting to 9.375 cavans.

In addition, what remains with the tenant or owner-cultivator now after setting aside the amount or equivalent of the means of production possessed by his or her household is the product-equivalent of the household's present labor. Note that we did not say "after setting aside a part to pay the expenses" since in this latter arrangement, such expenses may be overpriced so that a portion of the present labor product-equivalent is torn away to pay the overprice. But we will leave that product-equivalent of the present labor intact for now.

So what the tenant or owner-cultivator has at hand is its own tentative product-equivalent (before extraction of rent, interest, merchant and gambling profit) plus the unpaid product it took away from the hired laborers.

In our example, we have on one hand the 9.275 cavans of the variable unpaid product of the hired laborers. On the other, the product-equivalent of the present labor of the tenant or owner-cultivator household. In the example, a total of 80 days of present labor were performed, which leaves a total of 50 labor-days performed by the hiring household (given that the hired laborers performed 30 labor-days).

At the given rate of individual productivity, this would amount to:

$$\begin{aligned} &= (50 \text{ labor-days}) (1/2 \text{ cavan/labor-day}) \\ &= 25 \text{ cavans} \end{aligned}$$

A total therefore of $25 + 9.275$ cavans or 34.275 cavans is now in the possession of the tenant or owner-cultivator household. What he has now can be said to be a mixture, a fusion or amalgamation of two types of labor, one paid and the other unpaid – the paid one being $25/34.275$ or roughly 73.2 per cent of it, and the unpaid part being $9.275/34.275$ or roughly 26.8%.

One part therefore has so to speak dissolved into the other. Such a coming together may be expressed as:

$$= B_{HR} + P_{UN(H)}$$

where B_{HR} represents the product-equivalent of the present labor of the hirer and $P_{UN(H)}$ the unpaid product produced by the hired laborers and appropriated by the hirer.

Where there are two or more sets of hired laborers exploited by the hirers, this entire equation may be expressed as:

$$= B_{HR} + P_{UN(H_1)} + P_{UN(H_2)} \dots P_{UN(H_n)}$$

where n = number of sets of laborers hired

The ratio of the particular mass of product-equivalent of the present labor of the hirers over the entire mass of product in the hands of the hirer can be expressed as:

$$= \frac{B_{HR}}{B_{HR} + P_{UN(H_1)} + P_{UN(H_2)} + \dots P_{UN(H_n)}}$$

And the respective masses of unpaid product appropriated from different sets of hired laborers as:

$$\begin{aligned} &= \frac{P_{UN(H_1)}}{B_{HR} + P_{UN(H_1)} + P_{UN(H_2)} + \dots P_{UN(H_n)}} \\ &= \frac{P_{UN(H_2)}}{B_{HR} + P_{UN(H_1)} + P_{UN(H_2)} + \dots P_{UN(H_n)}} \\ &= \frac{P_{UN(H_n)}}{B_{HR} + P_{UN(H_1)} + P_{UN(H_2)} + \dots P_{UN(H_n)}} \end{aligned}$$

In our example, we have a composite product composed of 73.2 per cent product of the tenant or owner-cultivator household and 26.8 per cent unpaid product of the hired laborers.

Rent, Interest, Overprice, Underprice and Gambling, Profit Appropriation from the Composite of Hirer's Labor and Hired Unpaid Labor. Whatever rent, interest, overprice, underprice and gambling revenue that is

specifically appropriated from this rice-product in the hands of the household contains a proportional share of the net product of the hiring household and the unpaid product of the hired laborers. In the same way that any water molecule will contain two atoms of hydrogen and one atom of oxygen, any part or chunk specifically from that composite product held by the tenant of owner-cultivator household will contain 73.2 per cent product of the net product of the tenant or owner-cultivator household and 26.8 per cent unpaid product of the hired harvester-threshers.

In the case of the rent, this may be expressed as:

$$R = \frac{R (B_{HR} + P_{UN(H)})}{B_{HR} + P_{UN(H)}}$$

$$= \frac{R (B_{HR})}{B_{HR} + P_{UN(H)}} + \frac{R (P_{UN(H)})}{B_{HR} + P_{UN(H)}}$$

Where $\frac{R (B_{HR})}{B_{HR} + P_{UN(H)}}$ = is the portion of the rent corresponding to that appropriated from the net product of the tenant or owner-cultivator household

while $\frac{R (P_{UN(H)})}{B_{HR} + P_{UN(H)}}$ = is the part actually taken from the unpaid product of the hired laborers (harvesters-threshers)

We may notice that the portion of the rent taken from the unpaid product of the hired laborers is really a reappropriation or redistribution of the unpaid product already originally appropriated by the direct hirers, the tenant or owner-cultivator household.

In the case of the rent of 15 cavans, the part taken from the labor of the tenant or owner-cultivator household is:

$$= 15 \text{ cavans } \frac{(25 \text{ cavans})}{34.275 \text{ cavans}}$$

$$= 15 \text{ cavans } (73.2 \text{ per cent or } .732)$$

$$= 10.98 \text{ cavans}$$

Of the 15 cavans, 10.98 of these is the unpaid product of the tenant or owner-cultivator household. The part, on the other hand, reappropriated from the hired laborers is:

$$= 15 \text{ cavans } \frac{(9.275 \text{ cavans})}{34.275 \text{ cavans}}$$

$$= 15 \text{ cavans } (26.8 \text{ per cent or } .268)$$

$$= 4.02 \text{ cavans}$$

Of the 15 cavans, 4.02 is redistributed from the hirer to rentier.

All other similar forms of unpaid product appropriation such as the collection of interest, overprice, underprice and gambling revenue specifically from this rice-product in the hands of that household will contain the same proportion of elements: 73.2 per cent, product of the tenant household, and 26.8 per cent, unpaid product from the harvester-threshers.

Where, $\frac{I (B_{HR})}{B_{HR} + P_{UN(H)}}$ = is the part of the interest taken from the labor of the tenant household

$\frac{I (P_{UN(H)})}{B_{HR} + P_{UN(H)}}$ = is the portion of the interest reappropriated from the unpaid product of the harvesters

$\frac{O (B_{HR})}{B_{HR} + P_{UN(H)}}$ = is the portion of the overprice appropriated from the labor of the tenant household

$\frac{O (P_{UN(H)})}{B_{HR} + P_{UN(H)}}$ = is the part of the overprice redistributed from the unpaid product of the hired laborers to the merchant

$\frac{U (B_{HR})}{B_{HR} + P_{UN(H)}}$ = is the portion of the underprice (such as when this rice-product is sold) derived from the labor of the tenant household

$U (P_{UN(H)})$ = is the part of the underprice reappropriated by the merchant from the unpaid product of the hired harvesters

$$\frac{G(B_{HR})}{B_{HR} + P_{UN(H)}}$$

= is the portion of the gambling revenue (such as when the tenant household bets part of the rice-product) taken from the labor itself of the tenant household

$$\frac{G(P_{UN(H)})}{B_{HR} + P_{UN(H)}}$$

= is the part of the gambling bets derived from this rice-product and reappropriated from the unpaid product of the hired laborers

There are definite instance when certain specific types and amounts of unpaid labor are yanked out of a specific product in the hands of its possessor. For example, formal land rent or certain kinds of informal land rent may be extracted in the form of the natural produce, such as 10 cavans of rice, or 2 chickens. So in the case of interest, underprice, overprice, or gambling profit that is appropriated in the form of natural produce or as money that definitely came from the selling of this particular produce. When this unpaid labor is taken from a pool of money that originate from an ensemble of production processes, the composition of that money pool is equivalent to:

MY_1 = amount of money income from production process one

MY_2 = amount in the money pool of money income from production process two

N = number of production processes money income from which is plowed into the money pool

$B_{HR_1} + P_{UN(H_1)} \dots P_{UN(H_n)_1}$ = composition of money income from production process one

$B_{HR_2} + P_{UN(H_2)} \dots P_{UN(H_n)_2}$ = composition of money income from production process two

The composition of the whole money pool is as follows:

$$\frac{MY_1(B_{HR_1} + P_{UN(H_1)}) \dots (P_{UN(H_n)})_1 + \dots MY_N(B_{HR_n} + P_{UN(HN)}) \dots P_{UN(H_n)_N}}{MY_1 + MY_2 + MY_N}$$

Variability of the Unpaid Product Appropriated from the Hirer Vis-a-Vis the Individual Productivity of Labor. Going back to the rent (formal or Informal) in our example, we left off where we found it to represent 73.2 percent labor or product of the tenant or owner-cultivator, and 26.8% unpaid product of the hired laborers. In absolute terms, this was 10.98 cavans of the product of the hiring household, and 4.02 cavans from that of the hired laborers.

As shown earlier, this unpaid product from the hired laborers varies according to the productivity of the labor that produced it. Both, in the absolute sense: this amount changes in response to that productivity; and in the relative sense: the share or ratio of this unpaid product to the entire product.

Where this happens, both the amount of unpaid product that falls into the lap of the hirers and the share of the unpaid product in the total product held by the hirers $[(P_{UN(H)}) / (P_{UN(H)} + B_{HR})]$ vary with that productivity.

In our previous example, the unpaid product coming from the hired laborers rose from 9.275 cavans to 19.39 cavans. The net product of the tenant or owner-cultivator household (the product-equivalent of their present labor) in turn jumped to:

$$\begin{aligned} &= (50 \text{ labor-days}) (1 \text{ cavan/labor-day}) \\ &= 50 \text{ cavans} \end{aligned}$$

We find here that the absolute shares the respective amounts of net product of the hirer and the unpaid product of the hired change in response to the productivity of the labor that produced these.

But this variations in productivity does not only effect changes in the absolute composition but also in the relative share of these two elements in the total product now in the hands of the hirers.

Whereas, $\frac{B_{HR}}{B_{HR} + P_{UN(H)}}$ the relative share of the tenant or owner-cultivator household's own product in the entire rice-product they now possess used to be 73.2 per cent, this now becomes:

$$\frac{B_{HR}}{B_{HR} + P_{UN(H)}} = \frac{50 \text{ cavans}}{50 \text{ cavans} + 19.39 \text{ cavans}} = \text{roughly } 72.06 \text{ per cent}$$

while $\frac{P_{UN(H)}}{B_{HR} + P_{UN(H)}}$, the relative share of the unpaid product of the hired laborers in the total product in the hands of the hirers and formerly 26.8 per cent rises to:

$$\frac{P_{UN(H)}}{B_{HR} + P_{UN(H)}} = \frac{19.39 \text{ cavans}}{50 + 19.39 \text{ cavans}} = 27.94 \text{ per cent}$$

What happens now to the rent or any other kind of unpaid product appropriation from that mass of product in the hands of the hirers? That part of the rent coming from the hired laborers is merely a reappropriation of the variable paid product of those hired laborers. Such part of the rent changes both in absolute and relative terms with respect to the productivity of the hired laborers and hirers. Given the above example, that part of the rent would now amount to:

$$\begin{aligned} &= 27.94 \text{ per cent} \times 15 \text{ cavans} \\ &= 4.61 \text{ cavans instead of } 4.02 \text{ cavans.} \end{aligned}$$

In the case of the tenant, whereas in the feudal mode, the rentier would extract a certain amount or percentage of the product constant irrespective of the productivity of the labor, what do we have here now?

In reaction to the change in productivity the part of the rent now taken from the tenant household would be in absolute terms.

$$\begin{aligned} &= 72.06 \text{ per cent} \times 15 \text{ cavans} \\ &= 10.98 \text{ cavans} \end{aligned}$$

instead of the former 10.98 cavans.

In relative terms, this on one hand represents 72.96 per cent instead of the previous 73.2 per cent in the hirer's hands.

On the other hand, whereas the 10.98 cavans taken from the net product of the tenant household was equivalent to the following percentage of the entire product:

$$\frac{\frac{R(B_{HR})}{(B_{HR} + P_{UN(H)})}}{P} = \frac{10.98 \text{ cavans}}{50 \text{ cavans}} = 21.96 \text{ per cent}$$

This 10.98 cavans now taken from the net product of the tenant household constitutes the following percentage of the entire product:

$$\begin{aligned} &= \frac{10.58 \text{ cavans}}{91 \text{ cavans}} \\ &= 11.6 \text{ per cent} \end{aligned}$$

In contrast to the feudal mode, the rentier appropriating formal or informal land rent from a laboring household that hired and exploits other laborers and renders to the rentier part of this unpaid hired labor initially appropriated by it no longer appropriates an unpaid product constant with respect to the productivity with which it was produced.

The same with other kinds of unpaid labor appropriation of any part of the product that represents partly the net labor of the hirer and partly the unpaid labor of the hired. Whether this be interest, overprice, underprice, or gambling profit, the exploiter will no longer -- as in the feudal mode -- appropriate an unpaid product constant in the face of the productivity of the labor. He or she will instead appropriate an unpaid product variable with respect to the productivity with which it was produced.

The Variability of the Paid Portion of the Hirer's Share of Labor Vis-a-Vis Individual Productivity of Labor. On the part of the laboring household that hires and in the process exploits other laborers, the paid portion of their net product (that goes to their personal consumption) likewise varies with the productivity of the labor.

This would be expressed as their net product minus the parts appropriated as rent, interest, overprice, underprice and gambling revenue:

$$= vY_{HR}$$

$$\text{(net product of hirer or } B_{HR}) = \frac{R(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{I(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{O(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{U(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{G(B_{HR})}{B_{HR} + P_{UN(H)}}$$

$$= \frac{R(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{I(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{O(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{U(B_{HR})}{B_{HR} + P_{UN(H)}} - \frac{G(B_{HR})}{B_{HR} + P_{UN(H)}}$$

This paid product of the hiring laborers both in the absolute and relative senses -- will vary with the productivity of these hirers themselves and the laborers they hire.

For instance, in our above example for the sake of simplicity, let us grant that only unpaid product in the form of rent was wrenched from the net product of the hiring household.

Owing to the variation of the productivity, the rentier who in the first case tore away 10.98 cavans from the net product of the hiring household to leave behind a paid product of:

$$= B_{HR} - \frac{R(B_{HR})}{B_{HR} + P_{UN(H)}}$$

$$= 25 \text{ cavans} - 10.98 \text{ cavans}$$

$$= 14.02 \text{ cavans}$$

now pulls out of the net product of the hiring household 10.58 cavans and leaves behind instead:

$$= 50 \text{ cavans} - 10.58 \text{ cavans}$$

$$= 39.42 \text{ cavans}$$

Moreover, that paid product which used to make up the following percentage of the entire net product of the hiring household

$$= \frac{B_{HR} - \frac{R(B_{HR})}{B_{HR} + P_{UN(H)}}}{B_{HR}}$$

$$= \frac{14.02 \text{ cavans}}{25 \text{ cavans}}$$

$$= 56.08 \text{ per cent}$$

now forms instead

$$= \frac{39.42 \text{ cavans}}{50 \text{ cavans}}$$

$$= 78.84 \text{ per cent}$$

of the net product of the household. Whereas, this paid product composed the following percentage of the entire product:

$$= \frac{B_{HR} - \frac{R(B_{HR})}{B_{HR} + P_{UN(H)}}}{P}$$

$$= \frac{14.02 \text{ cavans}}{50 \text{ cavans}}$$

$$= 28.04 \text{ per cent}$$

it now makes up

$$= \frac{39.42 \text{ cavans}}{91 \text{ cavans}}$$

$$= 43.3 \text{ per cent}$$

of the entire product.

As shown here, the paid portion of the product -- both in absolute and relative terms -- of the hiring laborers varies in accordance with the individual productivity of the labor.

To sum up our discussion,

- the unpaid parts of the product rendered by hiring laborers alongside the unpaid portions which they initially appropriate from other laborers they hire -- as well as the paid product received by these hiring laborers -- both vary in response to the productivity with which they were produced.
- the unpaid part of the product (in the form of the overprice) going to the proprietors renting

D. THE SECOND TYPE OF THE FEUDAL MODE: PAID AND UNPAID PRODUCT VARIABLE WITH INDIVIDUAL PRODUCTIVITY

1. Domination of Feudal Characteristics Among Categories:

Mode of Circulation, Level of Productive Forces, Relationship

Now we have just wound up our discussion on the mode of exploitation whereby both paid and unpaid portions of the product are variable: in relation to the individual productivity of the labor. And thereby, the mode of exploitation is neither distinctly feudal nor capitalist.

out instruments of production as well as the paid part going to the rentier in both cases vary in response to the productivity of the labor producing them.

- the unpaid part of the product in the form of rent and the paid portion of the rent-payer where both rentier and rent-payer-co-possess means of production both vary with the individual productivity of the labor.
- the unpaid and paid portions of the product produced by hired laborers possessing means of production and/or subsistence are both variable with respect to the productivity of the labor that produced these.

In these cases, the **distinct** character of the entire mode or relations of production with reference to the other essential categories aside from mode of exploitation come to the fore and likewise play a decisive role in determining whether the mode is more feudal than capitalist, or vice-

versa.

The four other essential categories by which we can identify the distinctive character of the mode is the level of the productive forces; the mode of circulation; the relationship of the laborer to the means of production; and the mode of control of the labor-power. We leave out the last category -- the mode of control -- since this, more or less, is identical to or is the twin, in a manner of speaking, of the mode of exploitation.

That leaves us with the above three essential categories: mode of circulation; level of the productive forces; and relationship of the labor to the means of production.

In these categories, the feudal mode is characterized respectively by: the direct consumption by large of the laborers' paid product; the largely small-scale nature of the labor; and the bondage of the laborer to the means of production and/or subsistence.

In the event that the mode of exploitation is indistinct and that any two or all of these elements are present in a certain relation, the feudal character above the non-feudal aspects advances to the fore. In others words, the feudal characteristics of the relation dominate over the non-feudal ones, and thus the relation is semi-feudal. The unpaid product or labor appropriated in such a relation is semi-feudal.

Where the mode of exploitation is neither distinctly feudal nor capitalist, the characteristics of the

essential categories (aside from the mode of exploitation and control) whereby feudal aspects dominate may fall under three types:

- where the laborers are bound to the means of production and/or subsistence; where the labor is largely small-scale, and the bulk of the necessary paid product is consumed directly;
- where the laborers are bound to the means of production and/or subsistence; where the labor is largely small-scale but the necessary paid product is principally exchanged to obtain means of consumption, or is mainly in the form of a commodity;
- where the laborers are bound to the means of production and/or subsistence, where the labor is already primarily large-scale; and the bulk of the necessary paid product is consumed directly.

Earlier, we mentioned three conditions whereby the mode of exploitation is neither distinctly feudal nor capitalist:

- the overpriced rental and labor services of equipment, in the production of products;
- the co-possession by rentiers and rent-payers of the means of production; and
- the hiring and exploitation of laborers possessing the means of production and/or subsistence.

2. Semi-Feudal Exploitation by Overpricing Rental of Equipment/Labor Services

Much of agricultural production in the Philippines for instance is undertaken with the use of rented equipment, or the hiring of labor-services involving certain equipment. In the first case, the hirers rent only the equipment and operate these themselves or hire others to operate this. In the second, the proprietors of the equipment hired operate this themselves, together with other laborers or employ others for this purpose.

Where the hiring household does not hire and exploit others for the entire production process, as in the first type of semi-feudal production, and itself operates the equipment, the only exploitative relation that goes on here is between the renting laborer or household and the proprietor renting out the equipment at an overprice. This proprietor appropriates an unpaid product that is variable with respect to the productivity of the labor of the renter that uses the equipment. At the same time, the paid product of the renting laborers is also variable in relation to the productivity of the labor that produces it.

Now we turn to the other essential categories. Where the feudal aspects dominate as in the three types listed above, the exploitation of the renting household by the one renting out the equipment at an overprice is semi-feudal. The unpaid labor that she or he

takes is semi-feudal.

Even when the proprietor operates the equipment but prices the labor-service above the value of the product-equivalent of his or her present labor and means of production used up, she or he appropriates unpaid labor in the form of overprice.

Again, we look into the other essential categories of the relation: is the labor of the household paying for the labor-service largely small-scale or large-scale in that production process? Does this household consume its necessary paid product directly or convert this by exchange into means of consumption? Is this household bound to or separate from means of production and/or subsistence? If the feudal elements prevail over the non-feudal as in the three types enumerated above, the overprice appropriated is semi-feudal.

Where the one renting out the equipment or offering the labor-service hires and in the process exploits laborers to operate the equipment or produce the labor-service, that relation is distinct from the exploitation by overprice. This is additional exploitation or unpaid labor appropriated by the proprietor on top of that collected through overpricing. We will however tackle that topic when we get to the discussion on hired labor.

Where on the other hand, it is the hiring laborers that hire other laborers either for the stage of production in which the equipment rented is used or for other stages of production (as in our example on harvesters) or for both, the unpaid product of the one renting out the equipment or labor-service is taken from a composite of the net product of the hiring laborers and

the entire unpaid product appropriated by this household from hired laborers in that production. This situation takes on the pattern that we previously discussed, whereby the rentier gains unpaid product partly from the net product of the rent-payer and the unpaid product originally appropriated from the hired harvester-threshers.

In such a manner the overprice will be derived from:

$$O = \frac{O(B_{HR})}{B_{HR} + P_{UN(H_1)} + P_{UN(H_n)}} + \frac{O(P_{UNCH_1})}{B_{HR} + P_{UN(H_1)} + \dots + P_{UN(H_n)}} + \frac{O(P_{UN(H_n)})}{B_{HR} + P_{UN(H_1)} + \dots + P_{UN(H_n)}}$$

We will focus our attention on the part of the overprice taken from the net product of the hiring household. That part in line with our previous discussion is variable with respect to the productivity of the labor with which it was produced. So with the paid portion of the net product.

The mode of exploitation being indistinct, we turn our attention to the other essential categories. Where for instance the total small-scale labor of that working household in the production process, for instance,

$$SSL_{HR} = SSL_{HR(1)} + \dots + SSL_{HR(n)}$$

where $SSL_{HR(1)}$ = for instance is 10 days of small-scale labor (for 5 days of plowing; 2 household members each)

$SSL_{HR(2)}$ = 30 days of small-scale weeding labor by the household (15 weeding days; 2 household members working together per day)

SSL_{HR} = total 50 days of small-scale plowing, weeding, etc. labor

exceeds the large-scale labor of the working household, as for example, in exchange labor or cooperative labor, then the level of productive forces in the production of that part of the overprice taken from the hirers takes on a feudal character.

Where the total small-scale labor is less than the large-scale labor engaged in by the hiring household, then the level of productive forces for that part of the overprice from the net product of the renting household is non-feudal.

Where that part of the paid product that the renting household directly consumed ($P_{P(C)}$) is greater than the part exchange for means of consumption ($P_{P(E)}$) the mode of circulation in that relation is feudal.

Where on the other hand, the opposite is true — $P_{P(E)}$ exceeds $P_{P(C)}$ — then the mode of circulation becomes non-feudal and takes on a capitalist character.

The mere fact that the laborers rent equipment or spend in paying the labor-services offered by proprietors of equipment establishes at once their possession of the means of production and necessarily stamps the feudal character on the relationship of the laborer to the means of production and/or subsistence, in other words, the relationship of bondage.

Therefore, either the largely small-scale character alone of the labor of the renting household or the direct consumption of the bulk of the necessary paid product of this household from that production alone affirms the primacy of feudal characteristics with respect to these three other essential categories aside from the mode of control and exploitation.

This feudal character stands out even more when the labor of the renting household or laborer in the production is primarily small-scale together with the fact that the necessary paid product of the renting laborers from that production is mostly consumed directly.

A cursory observation of Philip-

pine rice farming would show this to be true: the tenants or owner-cultivators of ricelands renting tractors, irrigation pumps or threshers at an overprice, or paying for overpriced tractoring, irrigation and threshing services engage principally in small-scale labor in their rice farms, or largely reserve their paid rice-produce for their household food needs.

In that light, the unpaid labor that they render to these dealers in equipment or labor-services (which constitute a certain portion of the inflated fees and payments in cash or kind) are semi-feudal.

This applies as well to fishermen who rent bancas, pump-boats or nets at an overprice and who largely perform small-scale labor. As such, the exploitation practiced by these merchants is semi-feudal. They in that manner extract semi-feudal unpaid labor.

Such would likewise characterize overpriced rentals by drivers of passenger jeepneys and tricycles; the labor undertaken by them is primarily small-scale. Thus, the unpaid labor extracted by the proprie-

tors of these vehicles in the form of overpriced rental is semi-feudal.

3. Dominant Semi-Feudal Relations in Co-Possession by Rentiers and Rent-Paying Laborers of the Means of Production

In an earlier discussion, we dwelt on the fact that under this arrangement, both the unpaid product in the form of rent and the paid product of the rent-paying laborers vary with respect to the productivity of the labor.

We now take time to review this relation in terms of the other essential categories. By their very possession by the laborers of their means of production, their bondage to the means of production and/or subsistence is realized.

Therefore, the feudal character asserts itself in the relationship of the laborer to the means of production and/or subsistence.

In such a situation, as in the previous one, where either the labor of the rent-paying laborers in that production is predominantly small-scale or when they mainly consume their necessary paid product from that production, or both, feudal features hold sway over the nature of the relation corresponding to these categories.

Let us evaluate the kinds of production that conform to this arrangement. Take for instance rice and corn farming where landlords and tenants split the "net" harvest

among themselves. Where the tenant households shoulder the tasks in rice and corn production, they ordinarily do so on the basis of small-scale labor, whether in plowing, harrowing, weeding and harvesting. Furthermore, they consume for themselves most of their share of the rice and corn harvest. The rent that they therefore render to landlords is of a semi-feudal nature.

Marx himself described such a kind of production in these terms: "As a transnational form from the original form of rent to capitalist rent, we can take the system of share-cropping, where the tenant farmer provides, besides their labour (his or others'), a part of the operating capital, the landowner providing not only the land but also a further portion of capital (e.g. livestock), and the product being divided between share-cropper and landowner in definite proportions, which vary between different countries.

The farmer here has insufficient capital for full capitalist cultivation. The share that the landowner draws, on the other hand, does not have the pure form of rent. It many include interest on the capital he advances, and a sur-

plus rent on top of this. It may absorb the entire surplus labour of the farmer, or leave him a greater or smaller share of this. The essential thing, however, is that rent here no longer appears as the normal form of surplus-value. On the one hand, the share-cropper, whether he applies his own labour or that of

others, has a claim to a share of the product not in his capacity as worker but as owner of a part of his tools as his own capitalist. On the other hand the landowner claims his share not exclusively on the basis of this ownership of the land but also as the lender of capital."

4. The Semi-Feudal Hiring and Exploitation of Laborers Possessing the Means of Production and/or Subsistence.

The relations herein are akin to what we have just discussed: both paid and unpaid parts of the product of such hired laborers vary in response to the individual productivity of the labor; their possession of the means of production and/or subsistence effects their bondage to those means of production and/or subsistence.

Once more, when the labor of the hired laborers is principally small-scale or when their necessary paid product for that production is made up mainly of their own produce which they consume directly, the feudal features of that relation outweigh the non-feudal features. The relation assumes a semi-feudal character, the unpaid labor they render to their hirers is semi-feudal.

The production and exploitation of such hired laborers may be categorized into three types:

(a) where the labor they perform is largely large-scale while the necessary paid product that they produce is primarily con-

sumed directly by them. Here, where the mode of exploitation is neither distinctly feudal characteristics of bondage to the means of production and/or subsistence and direct consumption of most of the paid product overshadow the capitalist characteristic of large-scale labor.

This type of relation marks the production and exploitation of rice-harvesters-threshers who work in large gangs and who divert their paid share of the rice produce to household consumption or who mainly depend on their harvest shares and independent produce for sustenance as hired laborers.

(b) where the labor undertaken by them is largely small-scale, while their paid product (in the form of cash or kind) is largely exchanged for means of production or in the form of commodity. Here, where the mode of exploitation is indistinct, the feudal features of bondage to the means of production

and/or subsistence and the small-scale nature of the hired labor prevail over the capitalist mode of circulation.

This type of semi-feudal production and exploitation hired laborers is commonly found in the hired work of:

- coconut picking, piling, hauling, husking, splitting, meat removal, drying, copra making and transport. A coconut harvester possessing either bolo (cutting knife) or bamboo-pale scythe usually work in partnership with someone who gathers the fallen coconuts with the use of his or her own bamboo shed. The haul this to the site of the copra oven ordinarily works alone with his own carabao and cart. The hired dehusker usually labors singly with his steel implement. The removal of the meat is usually done by a hired team of two using their own boloes. Once again, a lone hauler with his carabao and cart is hired to bring copra to the merchant.
- plowing, dike fixing, harrowing, weeding (with boloes or scythes) or cutting grass in usually work in a team of two to eight persons with their own carabaos and plows. The hired harrowers usually work as a team of two both with their own carabaos and harrows. The hired dike fixer ordinarily works alone with his or her own bolo or sho-

vel.

- plowing, cane cutting, fertilizer application, weeding and hauling in the sugar haciendas. Those hired often labor in teams of two using their own carabaos and implements, 3 to 5 weeders and fertilizer applicators and 6 to 8 harvester-haulers.
- pasting cigarette boxes, knitting gloves, sewing garments and other kinds of tasks assigned to laborers working alone or in small nuclear-family groups in their own houses. These laborers, also known as "homeworkers" partially possess means of production, such as the housing, the lighting (if this is needed for the work), and, in some cases, certain tools as well. This sort of "job-out" hiring is common in certain semi-urban areas.

Such a kind of production and exploitation encompasses the work of hired agricultural laborers possessing no means of production in their hired labor but whose compensation (in cash or kind) are semi-wages since they partially rely on the variable paid product of co-household members for their labor-power. These include manual rice paddy weeders or rice dike fixers, handlers or power tillers, members of threshing gangs composed of not more than 9 laborers each, haulers hired by sugarland tenants or owner-cultivators to bring ra-

toons to their watering site and ranch hands either belonging to tenant or owner-cultivator households; households possessing their own rice plots, vegetables gardens, duck, chicken, pig raising and selling projects, making handicrafts, viand, and snack items for sale, etc., households participating in the rice-harvest or fish-catching sharing deals, the labor represented in means of subsistence or income directly from such activities or indirectly (through credit to be repaid from such) composes more than 5 per cent of the labor represented in the means of subsistence or labor-power of the hired laborer's household.

Here, the feudal characteristics of bondage to the means of production and small-scale labor dominate over the capitalist characteristic of the commodity form of the product. Such types of hired labor as enumerated above does not primarily involve more than 9 hired persons working together at the same time.

This also applies to urban or non-agricultural laborers bound as such to their means of subsistence. The unpaid labor they render to their hirers is semi-feudal.

- (c) where the labor performed by them is largely small-scale and their paid product is largely consumed directly. Here again in the face of the indistinct character of the mode of exploi-

tation, the feudal features represented by the small-scale nature of the labor, the bondage of the laborers to the means of production and/or subsistence and the direct consumption by large of the paid product reign supreme.

This type of production and exploitation of hired laborers pertains for instance to a large cross-section of weeder-harvesters whose small-scale weeding labor outweighs the large-scale harvesting labor. A study on such weeder-harvesters in Laguna, for instance, reveals a case in which 640 labor-hours made up the small-scale labor, and only 480 labor-hours the large-scale harvesting labor-weeding is usually done alone or by a husband-and-wife team, while harvesting or ordinarily performed by groups of 20 to 30. Furthermore, these weeder-harvesters possess their own weeding implements (either boloes or or contraptions locally called "weeder") in addition to their harvesting tools. Most of them either belong to tenant households, or undertake independent production such as duck-raising and the like.

5. The Semi-Feudal Exploitation of the Hiring Laborers Possessing Means of Production and/or Subsistence

The unpaid labor such laborers render to their hirers is semi-feudal.

Earlier we discussed the fact that as a result of hiring and exploiting other laborers, the unpaid product in the form of informal and formal land rent, overprice, underprice interest and gambling profit collected from them is variable. Part of this entire variable unpaid product is the variable unpaid product produced by the tenant or owner-cultivator household itself. Hand in hand, with this, it produces a paid product that varies as well with the labor-productivity.

Confronted with such an indistinct mode of exploitation, we now turn our eyes to other essential characteristics of the relation. Is the labor of the tenant or owner-cultivator household primarily small-scale or large scale? Is the necessary paid product or the products, it mainly rely on for sustenance largely coming directly from its own production or does it pass through the doorway of exchange before it is transformed into means of subsistence? The hiring itself of laborers by tenants or owner-cultivators themselves already denotes the latter's possession of the means of production and thus their bondage to such. Here again lies a situation whereby either the small-scale character of the labor establish the dominantly feudal or semi-feudal nature of the relation.

Where such conditions exist, the unpaid labor the hiring laborers render to their exploiters in the form of rent, overprice, underprice, interest and gambling profit from that production is semi-feudal.

Such semi-feudal production by hiring laborers is typified by tenants and owner-cultivators working in rice and corn lands. The stages of labor which they usually shoulder the plowing, harrowing, irrigation management, application of fertilizers and pesticides — are commonly small-scale labor operations. Moreover, in most regions, they apportion their share of rice or corn produce for their household's direct consumption.

Semi-feudal production by such hiring households where bondage to the means of production and/or subsistence and the small-scale character of the labor overshadow the non-feudal mode of circulation occurs in commodity production. In Central Luzon, the sale by working tenant and owner-cultivator households of their rice stock is a commonplace phenomenon. In such cases, exchange encroaches on and then takes over the domain of the paid product. The mode of circulation loses its feudal identity. However, the small scale of tenant or owner-cultivator labor in addition to their bondage to the means of production and/or subsistence remain.

In coconut lands, tenants and owner-peasants ordinarily work no more than two at a time in the weeding, meat removal, making and transport of the copra.

Their contribution to the rent, underprice, overprice, interest and gambling profit that is amassed from their coconut production is

their feudal unpaid labor.

In summary, in the production and exploitation of hiring and hired laborers possessing the means of

production and/or subsistence, where the mode of exploitation is indistinct, but other feudal features prevail, the exploitation is semi-feudal.

E. THE SECOND TYPE OF SEMI-CAPITALIST MODE: PAID AND UNPAID PRODUCT VARIABLE WITH INDIVIDUAL PRODUCTIVITY

1. Variability of Paid and Unpaid Product Alongside Domination of Capitalist Feudal Features

We now proceed to the discussing of such production where the mode of exploitation is neither distinctly feudal nor capitalist (the paid and unpaid product being both variable with the labor-productivity), but feudal features do not predominate.

In such a kind of production, the mere possession by the laborers of the means of production -- as shown by the payment of overpriced rental and fees for labor-service, their co-possession of such, and by the rentiers, the rent-paying and even by the hired laborers -- already binds them to the means of production and/or subsistence. Where however this is outweighed by capitalist features elsewhere, as for instance in the scale of labor (characterized by largeness instead of smallness) and the mode of circulation (where exchange rather than direct consumption of the necessary paid product reigns), then the relation is marked by a dominantly capitalist, or rather semi-capitalist nature.

This appears for instance in sugarcane production where cane cutters possessing their machetes work in labor gangs that number 10 or more each and whose families rely mainly on money income rather than on their own rice, corn, root crop, vegetable and animal produce. The unpaid labor they render to their hirers is semi-capitalist.

Confronted with such an indistinct mode of exploitation, we now turn our eyes to other essential characteristics of the relation. Is the labor of the tenant or owner-cultivator household primarily small-scale or large-scale? Is the necessary paid product or the products it mainly rely on for sustenance largely coming directly from its own production or does it pass through the doorway of exchange before it is transformed into means of subsistence? The hiring itself of laborers by tenants or owner-cultivators themselves already denotes the latter's possession of the means of production and thus their bondage to such. Here again lies a situa-

tion whereby either the small-scale character of the labor establish the dominantly feudal or semi-feudal nature of the relation. Where such conditions exist, the unpaid labor the hiring laborers render to their exploiters in the form of rent, overprice, underprice, interest and gambling profit from that production is semi-feudal.

Such semi-feudal production by hiring laborers is typified by tenants and owner-cultivators working in rice and corn lands. The stages of labor which they usually shoulder -- the plowing, harrowing, irrigation management, application of fertilizers and pesticides -- are commonly small-scale labor operations. Moreover, in most regions,

they apportion their share of rice or corn produce for their household's direct consumption.

This too applies to the large-scale *basnig* (or medium-size fishing boat) workers who receive a share of the "net" catch and whose families depend on money income instead of direct consumption of this own produce. They usually work in troops of 12 up to 20, and whose families or households depend principally on payments in money or in kind (with their share of fish) which they sell for means of subsistence. The unpaid labor they render to the proprietors of the fishing boats through sharing is semi-capitalist.

2. Cases of Combination with Semi-Feudal Relations

However, in both cases, such a relation does not prevent the practice of other modes of exploitation. Where the large-scale and ex-

change dependent cane cutters are subject to such exploitation as interest for transport fare of consumption goods loaned to them or

as the overprice itself of these goods then such unpaid product is constant (the cane cutters not themselves hiring and exploiting others) while the paid product (subject to the efficiency of the cane cutters in wielding their *ispadings*) is variable to the labor-productivity. However, since their labor is largely large-scale and they receive compensation in the form

of money, such interest and overprice they render is semi-feudal. Where this semi-feudal interest and overprice is exceeded by semi-capitalist unpaid labor that takes place throughout the production process, the mode is semi-capitalist.

In the case of the large-scale and exchange-dependent *basnig* workers, they are also the victims

of constant product appropriation, this time in the form of underprice usually by the *basnig* owners themselves who buy the laborer's share of the fish catch. In addition, they receive a paid product variable with respect to their productivity, in consonance with the feudal mode of exploitation. However, since they too perform large-scale labor and they receive their necessary

paid product in the form of a commodity, the unpaid labor they render in the form of underprice is semi-feudal. If the semi-capitalist unpaid labor in this case surpasses the semi-feudal unpaid labor in underprice, then the mode is semi-capitalist. Otherwise, it is semi-feudal.

II. SEMI-FEUDAL RELATIONS: PAID AND UNPAID PRODUCT CONSTANT WITH INDIVIDUAL PRODUCTIVITY

In the above discussion, we went over the semi-feudal and semi-capitalist relations that prevail in the instances where the mode of exploitation is indistinct in that both paid and unpaid portions of the product are variable in relation to the individual labor-productivity. Let us now look into the situation where the mode of exploitation is also indistinct but this time because both paid and unpaid parts of the product are constant with respect to the individual labor-productivity.

This happens when households of wage workers or dispossessed hired laborers paid in definite amounts of subsistence-product per working time are subject to informal land rent (such as extortion), overpricing of goods and services, usury and gambling-exploitation. The conditions in such an event where the feudal features predominate are:

a. when the labor performed by the wage-laborer or wage-laboring household is largely small-scale; when the paid product is

largely consumed directly (such as a certain number of *cavans* of rice paid for each season of rice farming); and the wage-laborer is bound by debt to the employer;

b. when the labor is mainly small-scale and when the necessary paid product is in commodity form, but the wage laborers are bound to their employers due to debt;

c. when the labor is primarily small-scale, when the paid product is largely consumed directly, and the wage laborers

are not bound to their means of production by debt;

d. when the labor performed by the wage-laboring household is largely large-scale, the necessary paid product is principally consumed directly, and the wage laborers are tied to their employers through debt.

Under such conditions, the land rent, overprice, underprice and gambling revenue these laborers render is semi-feudal.

III. SEMI-CAPITALIST RELATIONS: PAID AND UNPAID PRODUCT CONSTANT WITH INDIVIDUAL PRODUCTIVITY

On the other hand, capitalist characteristics may prevail under conditions of an indistinct mode of exploitation when any two or all these of the following are present: the predominantly large-scale labor

of the worker, the principally commodity form of the necessary paid product and the absence of debt bondage to their employers.

In such situations land rent,

merchant profit, interest and gambling revenue these workers render is semi-capitalist. This kind of semi-capitalist exploitation is quite common in the urban centers.

The semi-feudal mode can thus be defined as that whereby at least 50 per cent of the unpaid labor appropriated therefrom is composed of semi-feudal unpaid labor, or a combination of feudal and semi-

feudal unpaid labor (where semi-feudal unpaid labor constitute 50 per cent or more of this combination of feudal and semi-feudal unpaid labor). On the other hand, the semi-capitalist mode is one where-

by the majority of the unpaid labor appropriated therefrom is semi-capitalist or a combination of the capitalist (whereby the capitalist is not 50 per cent or more of the entire unpaid labor).

IV. SOCIAL CLASSES

A. THE CLASSES IN THE SEMI-FEUDAL MODE

Semi-Feudal Lords. This class is marked by two integral characteristics:

- a. the net unpaid labor that they appropriate (the unpaid labor they appropriate minus their unpaid labor appropriated from them) is 95 per cent or more of the net labor that they appropriate (the unpaid labor appropriated by them from others, plus their paid labor minus the unpaid labor appropriated from them);
- b. the bulk of the unpaid labor appropriated by them is made up of semi-feudal unpaid labor alone or a combination of semi-feudal and feudal unpaid labor (where the feudal unpaid labor they appropriated is no longer 50 per cent or more of the unpaid labor they appropriated).

The unpaid labor includes the goods that they consume immediately, that they store or hoard in anticipation of later consumption, or that are wasted away in storage

or otherwise.

The unpaid labor here also encompasses that part which they reconverted into labor-service for their own consumption and held in reserve for future use. Such labor embraces:

- a. domestic labor-services;
- b. military-service (both in the private form, such as security guards, and "private armies", or in the public form, such as in the armed or military sections of that state that serves the semi-feudal lord class as a whole as well as particular members of that class;
- c. administrative, bureaucratic or regulatory-service in the private form (personal managers, executives, lawyers, overseers, accountants, etc.) or in the public form (such as in the civil bureaucratic component of the state, including the executive, legislative and judiciary branches of the state);

- d. ideological-service in the private or semi-private form (such as tutorial or educational services provided by "exclusive" schools for themselves and their children) or in the public form (such as services dispensed by the church, mass media and the public schools); and

- e. medical services (consultations, check-ups, etc.).

The buying of these services may be attended by underpricing -- in which case, in addition to the semi-feudal unpaid labor now in the form of paid labor-service, is supplemented by unpaid labor-service

A part of this unpaid labor may be redistributed to the following:

- a. to traders and industrial monopolies (including foreign ones) selling overpriced goods and services;
- b. to lawyers, managers, bankers, "fixers", mistresses, etc. for overpriced services;
- c. to the state for overpriced services paid in the form of inadequately compensatory taxes;
- d. to parasites who do no service for the semi-feudal lords and who share in their semi-feudal unpaid labor, ... and criminal or *lumpen* elements (robbers, hold-uppers, extortionsits, etc. and;
- e. gambling.

Semi-feudal unpaid labor may be chiefly acquired through any of the following: formal land rent, informal land rent (tribute, "protection money" or "tong", fines, including "grease money" to fine collectors, dues, such as those disbursed to the church or "fly-by-night" labor recruiters, completely without recompense to their payers, such as those collected from settlers; land purchase payments, etc); usury, overpricing (including collection of exorbitant placement fees from applicants for manpower export); underpricing; and gambling.

Among the semi-feudal lords are found not only rentiers, but those who belong to these categories owing to their main source of unpaid labor: usurers, dealers of imported goods; buyers of underpriced commodities (including panned gold); and gambling lords preying on client-laborers.

Membership in the semi-feudal lord class applies as well to those who do not get their semi-feudal unpaid labor directly from the peasants but indirectly from other feudal lords -- through various methods such as underpricing; overpricing; interest; gambling; bribery and extortion from "front-line" feudal lords who directly exploit peasants.

By buying underpriced goods, especially raw materials from barrio traders, middle-level buyers are able to sell these still at an underprice to millers; millers in turn sell these at an underprice to exporters; exporters continue to sell these at an underprice to foreign

companies and investors in industrial monopolies in the West and Japan are able to mass semi-feudal unpaid labor from laborers in countries like the Philippines.

On the other hand, industrial magnates in Europe, to US and Japan, among others, sell their overpriced goods and services to local importers and wholesalers who in turn pass on the overprice to retailers and dealers; who are directly able to collect semi-feudal unpaid labor by means of overprice. In these trade transactions, though added value is created through transport and value eroded is restored through storage, the unpaid labor, usually capitalist — or semi-capitalist, appropriated by exploited transport and storage laborers is usually less than that appropriated either by directly extracting semi-feudal unpaid labor from laborers who buy the overpriced goods or by indirectly exploiting them, by redistributing the semi-feudal unpaid labor siphoned through a chain of merchants.

Though the merchant profit margin (the profit per commodity bought and sold) may be larger at the bottom end of the chain, as the chain rises and leads outward to the West in the case of exports, the merchant revenues grow immensely by the sheer volume of the commodities traded, like so many rivulets rushing down from the mountain ridges into widening brooks and converging eventually into mammoth rivers.

Banking for the "first-echelon" and "second-echelon" semi-feudal

lords also serves as a mechanism for reappropriating and accumulating or expanding their semi-feudal unpaid labor.

To depositors, the banks perform a labor-service in the form of storage labor for their particular deposits (as measured in the proportional value of depreciation of the vaults), as well as of the small labor of transporting the money deposits to and from the vaults. For this, the banks exact banking charges which may be overpriced or underpriced. But this underprice or overprice is of little consequence to the overall picture of exploitation that the bankers engage in.

Firstly, in a semi-feudal society such as the Philippines, most of deposits placed by big banks customers consist of unpaid semi-feudal labor, that is, in the form of money income primarily derived from semi-feudal production and exchange. Secondly, these bankers do not principally engage in banking to sell money storage services to depositors and profit thereby. Their banking profits come chiefly from lending deposits in their vaults to merchants and investors. In a semi-feudal society, the merchandising and production operations that these businessmen largely engage in takes the form of production and trade that takes in semi-feudal profits. Thus, banking becomes an instrument for oiling the semi-feudal mechanism and expanding it by investments in new projects or added investments in old projects that principally derive semi-feudal profits. For these, the

bankers receive in the form of interests on loans a share of the semi-feudal labor amassed by their clients.

To stimulate deposits both from big semi-feudal exploiters and from the mass of people with money to hoard in the banks, the depositors receive from the bankers interests lower than that for lending out money as share of the largely semi-feudal unpaid labor extracted from the interests on their loans. From this share of the unpaid labor (the spread between the interest for loans and that for deposits) the bankers convert a small part into banking labor-services rendered to them by hired banking employees while appropriating semi-capitalist unpaid labor from these employees while appropriating semi-capitalist unpaid labor from these employees. The paid product or compensation of the bank employees represents the semi-feudal unpaid labor of the bankers in the form of banking labor-service. The difference between the value of labor-services of the bank employees and their compensation represents the semi-capitalist unpaid labor appropriated by the bankers.

The collection by bank employees of the money deposits and their gathering of these into the vaults (therefore converting part of the semi-feudal unpaid labor into banking services), such of the bank charges are so overpriced that the bankers are able to rechannel part of the semi-feudal unpaid labor in the hands of the borrowing semi-feudal lord clients into their own

private coffers. So, too, are bank depositors and money market investors able though in a smaller way to stash away semi-feudal unpaid labor for themselves.

Foreign banks are among the biggest appropriators of semi-feudal unpaid labor. By lending to importers, exporters, millers, wholesalers and minor processors that serve as conduits for distributing overpriced imports and underpriced exports, these foreign bankers are able to divert massive amounts of semi-feudal unpaid labor into their accounts.

The gambling fixtures intended for the semi-feudal lords such as the big cockfighting derbies and the casinos are one way of redistributing the unpaid labor product in their pockets.

One single giant pool of semi-feudal labor is the government treasury built up by taxes built into exorbitant prices of goods and various levies. In countries, where the semi-feudal mode of production prevails, the money that lies in the public vaults represent chiefly semi-feudal unpaid labor.

While in one hand the ruling government acts as a mechanism for converting semi-feudal unpaid labor into services for the semi-feudal lord class, it also serves as an instrument for redistributing the semi-feudal unpaid labor. Among the most notorious reappropriators of this largely semi-feudal unpaid labor are the grafters as well as those who do the fleeing in officials style as by multiple, overpriced

salaries, per diems and the like. Public funds are also a target of the reallocation of semi-feudal unpaid labor by means of charging monopoly prices on goods and services sold, such as the medicine sold by foreign-based companies to the Department of Health; the military hardware and gear sold to the armed forces; the various construction equipment and contracting services sold to the Ministry of Public Works; the fertilizers, pesticides, fishing equipment to the Ministry of Agriculture and Natural Resources; the various communications, electrical, broadcasting, transportation and water supply materials sold to the respective branches of the government; the nuclear plant; and infinitum.

In addition, this is coupled with the foreign loans that do not only act as a come-on for buying these overpriced goods but also eat up roughly 35% of its budget yearly — a tremendous source of semi-feudal unpaid labor for the foreign monopoly bankers.

The class of semi-feudal lords may be classified according to the amount of semi-feudal unpaid labor each member and his or her household appropriates in a given period of time, say, a year.

The big semi-feudal lords would amass a certain minimum amount of unpaid labor say, 5,000 labor-days a year. This would principally include the foreign bankers, monopoly industrialists, the big exporters, importers and wholesalers of overpriced and underpriced goods, minor processors facilitating such

import-export, big grafters and extortionists gambling lords and usurers.

Semi-Feudal Rich Peasantry.

Two criteria distinguish this class: One, at least 50 per cent up to 95 per cent of the net labor that they appropriate (unpaid labor appropriated by them plus their paid labor appropriated from them by others) is made up of net unpaid labor appropriated by them (unpaid labor appropriated by them minus their unpaid labor appropriated from them by others); and, Two, at least 50 per cent of the unpaid labor is composed of semi-feudal or a combination of semi-feudal and feudal unpaid labor. Include here would be not only crop-growing persons but fishermen, animal-raisers, miners, handicraftsmen, usurers, traders and gamblers that benefit from fields.

The middle semi-feudal lord class would receive from 1,000 to 5,000 labor-days a year. And the small semi-feudal lords would have for themselves no more than 1,000 labor-days a year.

The Middle Peasants. The Upper-Middle stratum -- those whose net labor appropriated (unpaid labor appropriated by them plus their paid labor minus the paid labor appropriated from them) is comprised of 0.1 to 49.9 per cent "net" unpaid labor (unpaid labor appropriated by them from others minus their unpaid labor appropriated from them by others).

The Lower-Middle stratum --

those whose net unpaid-labor (unpaid labor appropriated from them minus unpaid labor appropriated by them) is 0 to 50 per cent of their net labor (paid labor plus unpaid labor appropriated from them minus labor appropriated by them).

The bulk of the labor appropriated from them is semi-feudal or a combination of semi-feudal and feudal.

Semi-Feudal Poor Peasants.

They are individuals and households whose bulk of their net labor (their paid labor plus the unpaid labor appropriated from them minus the unpaid labor appropriated by them) is net unpaid labor (unpaid labor appropriated from them minus the net labor appropriated by them). In addition, the bulk of the unpaid labor appropriated from them is semi-feudal or a combination of semi-feudal and feudal.

To the semi-feudal poor peasantry belong:

- a. A substantial section of the laboring tenants and owner cultivators, especially those in small

farms who rely largely on family or exchange labor.

- b. Small-scale hired laborers possessing means of production and/or subsistence such as most of those employed in coconut farming and production in small sugar farms.
- c. Large-scale hired laborers possessing means of production and/or subsistence in production for direct consumption such as those working in labor gangs and directly consuming their rice harvest share.
- d. Subsistence or municipal fishermen rendering semi-feudal profits to merchants, usurers and industrial monopolists.
- e. many "self-employed miners" such as gold panners.
- f. "homeworkers" hired by industrial firms to work in their own houses in various stages of production.
- g. Most passenger-jEEPney and tricycle drivers renting their vehicles.

B. CLASSES IN THE SEMI-CAPITALIST MODE

The semi-capitalist class can be defined as the set of individuals or households more than 95 per cent of the net labor appropriated by which (unpaid labor appropriated by them minus unpaid labor appropriated from them plus

their paid labor) is composed of net unpaid labor (unpaid labor appropriated by them minus unpaid labor appropriated from them); more than 50 per cent of the unpaid labor appropriated by them is semi-capitalist or a combination

of semi-capitalist and capitalist (where the capitalist is less than 50 per cent of the entire unpaid labor they appropriated).

The Upper Semi-Capitalist Petty Bourgeoisie. To this class or stratum belongs those whose net unpaid labor appropriated is 50 to 95 per cent less than of the net labor appropriated by them; and at the same time, the majority of the unpaid labor they appropriate is semi-capitalist or a combination of the semi-capitalist and capitalist (where the capitalist unpaid labor appropriated by them is less than 50 per cent).

The Upper Middle Semi-Capitalist Petty Bourgeoisie. It encompasses those whose net unpaid labor appropriated by them occupies more than zero to less than 50 per cent of the net labor appropriated by them; and the bulk of the unpaid labor they appropriate is semi-capitalist or a combination of the semi-capitalist and capitalist (where the capitalist unpaid labor is less than 50 per cent of the entire unpaid labor they appropriate).

We may notice that the portion of the rent taken from the unpaid product of the hired laborers is really a reappropriation or redistribution of the unpaid product already originally appropriated by the direct hirers, the tenant or owner-cultivator household.

The Lower Middle Semi-Capitalist Petty Bourgeoisie. It embraces all those whose net unpaid labor appropriated from them is less than 50 per cent of their net labor;

the bulk of the unpaid labor appropriated from them is semi-capitalist or a combination of semi-capitalist and capitalist (where the capitalist unpaid labor appropriated from them is less than 50 per cent of the unpaid labor appropriated from them);

The Semi-Proletariat. This class includes all those whose net unpaid labor appropriated from them is greater than 50 per cent of their net labor; the greater part of the unpaid labor appropriated from them is semi-capitalist or a combination of semi-capitalist and capitalist (where the capitalist unpaid labor appropriated from them is less than 50 per cent of the whole unpaid labor appropriated from them).

NOTES:
CHAPTER 3

1. See Amelita Balisalisa, "Cojuangco in Prosperidad, Agusan del Sur" *Mindanao Focus*, Vol. 2, p. 29, 31.
2. "The Indigenous Peasants in the Cordillera Interior," 1981.
- 3.
- 4.
5. Thomas Smith, *The Agrarian Origins of Modern Japan*, Stanford University Press Stanford (Calif) 1959.
6. Marx, *Capital*, Vol. 1.
7. Marx *Capital*, Vol. 1.
8. Marx, *Capital*, Vol. 11 p 256.
9. LUSSA Research Staff, *Countryside Report: Focusing on Five Major Industries: Rice, Coconut, Sugar, Fishing, Abaca*, LUSSA, Manila 1982, p. 18; Gernelio Bautista, 'The Impact of Agricultural Changes in the Rural Labor Market in the Philippines, Asian Regional Team for Employment Programme. International Labor Organization, New Delhi, 1987; Rene Ofereneo, *Capitalism in Philippine Agriculture*, Foundation for Nationalist Studies Quezon City 1980 p 93.

CHAPTER 4

NEO - COLONIALISM

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Colonialism commonly refers to the direct or formal domination or control of a people by a foreign power. The advent of indirect control or oppression through organization and persons -- states and officials -- that are nominally independent has given rise to the term "neo-colonialism" or "semi-colonialism".¹

The colonial relationship has been expressed in the field of trade as the unequal exchange of raw materials for finished products. Parallel to our understanding of "neo-colonialism" as new forms of colonial rule, we can describe neo-colonialism in production and trade relations according to the following levels and categories.

I. FIRST LEVEL: INEQUALITY OF USE-VALUE

The exchange of raw materials and finished products are in a sense an exchange of opposites. Finished products, e.g. consumer items (such as food and clothing), instruments (tools and machinery) and ancillaries (fuel and industrial water) are broken down into smaller units. Food is crushed in the mouth,

and decomposed within the human body into glucose, fats, protein and the like. Clothing is weathered and tattered, torn, frayed and frizzled, ending up as rags. Tools and machinery are battered and dulled by wear and tear. Firewood disintegrates into carbon as charcoal and ash and various gases.

Raw materials undergo the opposite: they are built up, made more complex and more solid. Iron ore is transformed into a stronger material, steel. Cotton fiber is woven into a durable fabric, cloth. Each seed is multiplied into a multitude of grains.

In the case of finished products, they are transformed into substances closer to the natural environment. In the case of raw materials, they are transformed into substance further away from the natural environment. The raw material wheat grain is milled into flour and baked into bread. The finished product bread is eaten and turned into life-energy and organic waste.

In our analysis of the colonial exchange, we do not refer to finished products as those that have reached their highest stage or degree of processing, complexity and transformation away from the natural environment prior to consumption. Neither do we refer to raw materials as those objects of labor that have not reached that stage yet and thus are not ready for consumption.

Rather, we use the term "raw material" to denote products in which the raw -- the unprocessed -- nature of the material dominates over the processed. On the other hand, we utilize the term "finished product" to indicate products with the opposite characteristic -- their processed nature dominant over the unprocessed.

One way to distinguish between these two contrasting categories of

products is that materials which are not basically identical in terms of chemical composition, and consistency to the final form in which they will be consumed are regarded as still raw, whereas those that are indeed identical are considered finished.

Food items for example such as raw sugar which in addition to the sucrose contain other important substances as complex carbohydrates are basically raw. On the other hand, refined sugar which appears intact in mixtures of food ingredients such as candies (along with coloring, flavoring), pastries (along with flour, baking soda, etc.) beverages (along with carbonated water) is basically finished. Wheat and whole-wheat flour containing various other substances aside from starch is basically raw while refined flour (to be mixed with various other ingredients in produced processed foods) is basically finished.

To the finished product that is canned fish, raw or frozen fish (extracted from the fishing waters of primarily agricultural countries) is its raw material.

Cotton fiber, spinning material (the consistency of which differs from the woven material found in garments) is basically raw, while cloth (identical in chemical composition, and consistency to garments) is basically finished.

Petroleum is basically raw while gasoline, diesel fuel, bunker oil, lubricants, greases, drug formulations (produced from petroleum), plastics are basically finished.

Iron ore and pig iron are basically raw while steel (no different from the material of machineries, appliances and other steel-based products in terms of chemical composition, and consistency) is basically finished.

Since the mid-1800s until the 1950s, most countries in Asia, Africa and Latin America have almost

exclusively exported raw materials to the United States, Western Europe and Japan in exchange for basically finished products imported from these industrial countries. The following lists down the raw materials, the major countries of their origin and the finished products for which these commodity exports serve as the major raw material.²

1. Crude Petroleum	Middle East* Venezuela Indonesia Nigeria Mexico	Gasoline, Diesel Oil, Lubricants, Greases, Waxes, Plastics, Synthetic Textiles and Drugs, Pesticides, Other Petrochemicals
2. Natural Gas	Middle East Indonesia Brunei Mexico	Liquefied Petroleum Gas, Urea
3. Bauxite, Alumina	Jamaica Guinea Surinam Guyana Venezuela Bahrain Ghana	Refined Aluminum, Ships, Aircraft, Auto Engines, Casing, Cans, Construction Materials, Power Lines
4. Cacao Beans	Nigeria Brazil Ivory Coast	Chocolate Sweets, Drinks

*Saudi Arabia, United Arab Emirates, Libya, Kuwait, Iraq, Iran, Algeria, Egypt, Yemen, South Yemen, Oman, Bahrain, Qatar, Abu Dhabi

	Ghana Cameroon	
5. Coffee Beans	Brazil Colombia Ivory Coast Uganda El Salvador Mexico Indonesia Kenya Ethiopia Costa Rica Guatemala Papua New Guinea	Instant, Ground Coffee
6. Palm Oil	Malaysia Indonesia	Cooking Oil, Soap
7. Raw Rubber	Malaysia Indonesia Liberia	Tires
8. Logs, Untreated Lumber	Malaysia Indonesia Brazil Philippines Ivory Coast Gabon Cameroon Congo Papua New Guinea Burma	Paper, Publications Houses, Furniture, Building Parts
9. Raw Cotton	Egypt Turkey Pakistan Mexico Paraguay Sudan Syria	Textiles, Garments
10. Tin	Indonesia Malaysia Bolivia Thailand	Cans

11. Gold	South Africa Papua New Guinea	Jewelry, Bullion, Dental Needs, Electrification Equipment
12. Iron Ore, Pig Iron	Brazil India Venezuela Liberia Chile Mauritania	Steel, Machinery, Motor Vehicles, Armaments, Construction Materials, Oil and Gas Pipelines, Tanks, Appliances
13. Copper	Zambia Chile Zaire Peru	Electrical Cables, Transformers, Machinery, Heat Exchangers, Power Plant Equipment, Plumbing and Heating Equipment, Radiators, Brass Components, Motors, Military Hardware
14. Zinc	Peru Mexico	Galvanized Sheets, Auto Components, Brass for Machinery, Flashlight Batteries, Roofs, Gutters, Rubber, Paints, Ceramic Glazes
15. Lead	Mexico Peru	Batteries, Gasoline, Additives, Cable Covering, Pipes, Sheets, Paints, Insecticides, Varnishes
16. Nickel	New Caledonia Dominican Republic	Alloys, Tools, Auto Parts
17. Platinum	South Africa	Automotive Exhaust Control Catalysts, Electrical Equipment
18. Silver	Mexico Peru	Photos, Sterling, Electroplating Wares, Brazing Alloys, Batteries, Lining of Vats

19. Diamond	Zaire South Africa Namibia	Grinding, Polishing, Drilling and Boring Equipment, Electronic Equipment, Diestones	32. Uncured Tobacco Leaf	Dominican Republic Brazil Zimbabwe India Malawi Thailand	Cigarettes, Cigars
20. Tungsten	Brazil	Steel, Armor Plates, Metal-Cutting and Rock Drilling Equipment	33. Coca	Bolivia Colombia Peru	Cocaine (Narcotic)
21. Antimony	South Africa Bolivia Mexico	Alloys, Medicine	34. Opium	Burma Turkey	Heroin
22. Chromium	South Africa Philippines Turkey	Stainless Steel, Electroplating	35. Wool	Pakistan Uruguay Namibia	Sweaters, Suits, Trousers, Gloves, Socks, Blankets
23. Cobalt	Zaire Zambia	Alloys	36. Groundnuts, Peanuts	Nigeria Senegal Brazil Sudan India South Africa	Cooking Oil, Candies, Bakery products
24. Manganese	Gabon Brazil South Africa	Steel	37. Crude Cottonseed Oil, Cottonseed	Egypt Turkey Pakistan Brazil Mexico Paraguay Honduras Sudan	Salad and Cooking Oil, Margarine, Shortening
25. Mercury	Algeria Mexico	Scientific Instruments	38. Soybeans, Crude Soybean Oil	Brazil	Cooking and Salad Oil, Paints, Varnishes, Linoleum, Printing Ink, Soap
26. Mica	India Brazil	Flatirons	39. Copra, Crude Coconut Oil	Philippines Sri Lanka Papua New Guinea	Soap, Cooking Oil, Margarine, Explosives, Other Chemicals
27. Phosphate Rock	Morocco	Fertilizers			
28. Tantalum	Thailand Malaysia	Alloys			
29. Leather Hides	Pakistan Argentina	Bags, Shoes, Belts, Wallets, Purses			
30. Sisal	Tanzania Angola Haiti	Ropes			
31. Jute	Pakistan India Bangladesh	Sacks, Bags, Packs, Wrappings, Twines, Canvasses			

40. Raw Sugar	Brazil Thailand Philippines Dominican Republic Mauritius India Fiji Swaziland	Refined Sugar, Candies, Soft Drinks, Syrups, Rhum, Preserves
41. Wheat	Argentina Turkey	Flour, Bread, Pastries, Cereal Preparations, Sandwiches
42. Raw Bananas	Ecuador Costa Rica Honduras Philippines Colombia Panama Guatemala	Ripened Bananas, Sweetened Fruit Prepara- tions
43. Tea	India Sri Lanka Kenya	Instant Tea
44. Pepper	Malaysia Brazil Indonesia India	Ground Pepper
45. Frozen, Packed Meat	Argentina Brazil Uruguay Botswana Costa Rica	Canned Meat, Meat Pre- parations
46. Frozen Fish and Shellfish (Prawns, etc.)	Ecuador Philippines Surinam "Netherlands" Antilles Namibia Peru Brazil Thailand	Canned Fish and Shell- fish

The raw materials originally extracted as, for instance, copra, iron ore, copper ore and sugar cane had to undergo some degree of processing to facilitate their export as coconut oil, pig iron, copper concentrates and raw sugar. Despite this processing, these materials exported remained raw, differing in chemical composition and consistency from finished product - - in this case, soap, steel, copper wire and refined sugar, to mention a few.

In turn, many of the basically finished products listed above, aside from others using raw materials principally derived from the capitalist countries, are exported into agrarian or semi-feudal societies in Asia, Latin America and Africa.

Towards the half of the 20th century, the groundswell of mass resistance against colonial rule and its anti-industrialization effects prompted the Western industrial capitalists to make it appear that they were on the contrary pushing for industrialization in the colonies. This they did by bringing in knocked-down parts (vehicles, refrigerators), unpacked goods and basic chemical formulations (drugs, pesticides) from the West and setting up plants to assemble the imported components, package the unpacked imported goods, and mix the imported formulations. What they failed to point out was the reality that these imports were basically finished already and that these industries were processing components and materials that were already finished. The knocked-down parts were basically identical with the assembled product, except that

they simply had to be screwed, glued or welded together. The goods without their containers (boxes, bottles and cartons) plus their labels were basically identical to those within the containers (after all, the goods within the containers and not the containers themselves are the ones consumed by the users; the containers and labels were usually discarded). The chemical formulations imported were basically identical with their mixtures, except that these were now floating or sifting around together in a mixture.

These assembly, packaging and mixing industries did not therefore do away with the colonial pattern of exchange between finished products from the industrialized nations and raw materials from the agrarian societies. In fact, insofar as they successfully created an appearance of industrialization, they served to reinforce colonial trade.

Marx describes this unequal colonial exchange of basically raw materials and basically finished products in the following passage:

By ruining handicraft production of finished articles in other countries, machinery forcibly converts them into fields for the production of its raw material. Thus India was compelled to produce cotton, wool, hemp, jute and indigo for Great Britain. By constantly turning workers into 'supernumeraries', large-scale industry, in all countries where it has taken root, spurs on rapid increases in emigration and the colonization of foreign lands, which are thereby converted into settlements for growing the raw material of the mother coun-

try, just as Australia, for example, was converted into a colony for growing wool. A new and international division of labour springs up, one suited to the requirements of the main industrial countries, and it converts one part of the globe into a chiefly agricultural field of production for supplying the other part, which remains a pre-eminently industrial field.³

Towards and especially after the midpoint of the 1900s, the colonial trade relationship characterized by the almost exclusive exchange of raw material exports and finished product imports (with insignificant amounts of finished product exports and raw material imports) gradually disappeared in many agrarian societies in the non-Western sphere. It gave way to a situation whereby raw materials in the main but alongside a significant amount of finished products were exported in exchange for mostly finished product imports plus a significant quantity of raw material imports from the West.

The earliest type of the product exports from semi-feudal societies were processed products using raw materials that were traditionally exported to the West. This included for instance refined petroleum products such as lubricants and greases exported by countries like Saudi Arabia and Venezuela. In 1965, Venezuela had already exported 3.367 billion *bolivares* worth of refined petroleum products out of a total 12.076 billion. In 1965, Venezuela had already exported 3.367 billion *bolivares* worth of refined petroleum products out of a total 12.076 billion

bolivares of petroleum products in general or 27.88 per cent. During that same year, Saudi Arabia had shipped out overseas 949 million *riyals* in refined petroleum products compared to 5.968 billion *riyals* in crude oil. A significant portion of total petroleum products, amounting to 13.72 per cent, was already in the form of finished goods.⁴

Likewise, by 1960, Peru, a traditional source of raw fish for U.S. fishing companies, was exporting such finished fishery products as fish meal, fish oil and canned fish in volumes amounting to more than five per cent of its total export receipts.⁵

Another type of finished product exports were those that belonged to what has been termed export-oriented industrialization. Generally, this refers to the industries set up from the 1960s onwards carrying out certain stages of the labor process for the production of certain commodities, especially the sewing and knitting of garments, the making of circuit boards and the sewing of toys.

During the 1960s, the U.S. capitalist economy was still enjoying a bonanza in superprofits arising from its replacement of Britain as the leading world colonial power and its newfound control of territories previously dominated by Britain. At the same time, waves of strikes seeking higher wages swept industries all over the United States. While American capitalists virtually wallowed in high levels of profit, the wage hikes and lost labor-days brought about by the strikes succee-

ded in cutting down somewhat on their revenues.

On the other side of the globe, the American capitalists were growing increasingly fearful of the social upheavals that were transforming China and North Korea and the dangers this posed to their allies in then agrarian Taiwan, and South Korea, and then mercantile Hong-kong and Singapore. The semi-feudal backwardness that gripped the latter societies made their allied ruling elites highly vulnerable to social revolution. The industrialization drive in the newly liberated Chinese and Korean societies that contrasted sharply with the agrarian stagnation then prevailing in Taiwan and South Korea gave credence to the charge that the dominance of foreign investments in these lands were impeding rather than boosting industrialization.

The confluence of these factors prompted the American capitalists to deviate in the case of these four societies from its standard practice of forestalling industrial development. Instead, they allowed there the widespread establishment of foreign-controlled runaway garment and electronic factories, as well as national industries producing such goods as fertilizers. The U.S. capitalist state played a major role in setting these Asian countries on this new track by granting them preferential tariff rates, much lower than those enjoyed by the other countries.

Elated by the initial successes at preempting agrarian revolution by launching such an industrializa-

tion scheme, they proceeded to showcase the experiences of "the newly industrialized countries" in many of the semi-feudal societies they, together with a local elite, dominated. Outside the so-called "Four Dragons of Asia", foreign-controlled industries in the export-industrialization mold sprung up. Many of the semifeudal states like the Philippines began to herald this development as the capitalist or industrial transformation of their societies.

By the late 1970s and early 1980s, this strategy began to backfire. The apparel that entered the United States in huge droves from the "Four Dragons" dealt telling blows on the American clothing industry. This coincided with the flooding of the American market with electronic products and cars from Japan, then made cheaper than their American counterparts due to lower labor-power costs. By the mid-1980s, the United States economy was reeling from a huge trade deficit compounded by a gargantuan foreign debt of more than \$300 billion as of 1988.⁶

It could no longer afford to allow or initiate capitalist or industrial development as it had done with the "four Asian dragons." The hopes nurtured about replicating this experience elsewhere soon vanished as the influx of new electronic or garment factories grounded to a halt. During the past few years, in fact, economies such as that of the Philippine have exhibited a similar trend: foreign-controlled enterprises patterned on the export-industrialization strategy have

either been retrenching and laying off workers, or closing shop and returning to home base.

At any rate, these "runaway" export-manufacturing industries coupled with the traditional material processing sectors of the semi-feudal economies currently are responsible for the small but significant amount of finished products exported to capitalist or industrialized economies.

Although considerable, such types of export manufacturing are characterized by two outstanding features:

One, these industries are heavily dependent on the import of materials and components that are in fact basically finished already. The export garments industry in the Philippines for instance relies almost wholly on imported cloth, yarn, sewing and edging machines

A. RAW MATERIAL EXPORTS FROM INDUSTRIALIZED COUNTRIES TO SEMI-FEUDAL SOCIETIES

At the same time, the composition of exports from capitalist countries to pre-capitalist-dominated ones have undergone a similar modification. No longer during the past few decades has these exports consisted almost exclusively of manufactured or finished products. Since the 1950s, a small but significant percentage of exports from the West to the traditional agricultural countries have been comprised of raw materials. In the case of the Philippines, under Public Law 480, sizable quantities of wheat, raw

cotton, milk powder, hides and other raw materials have been shipped from the United States to supply local production of wheat, cotton, yarn, textiles and re-constituted milk, and shoes.

Two, the destination of these products -- the capitalist countries themselves -- emphasizes the lack of any need by these industries to rely on a large national market that can only emerge with transformation of societies away from their pre-capitalist mold. As envisioned by the pioneering proponents of this export industrialization thrust, its one big advantage is that it circumvents the absence of a wide national market characteristic of capitalist economies.

This trend grew out of the tremendous rise in agricultural production and emergence of huge bumper harvests in the West. This has reached a point that often, surplus potatoes and other farm goods that could not be absorbed by the American home market had to be

burned so as to prevent the glut from bringing prices to a crash.

B. THE COMING OF MONOPOLY CAPITALISM IN THE WEST: A BACKGROUNDER

Before we proceed any further, a discussion of colonialism and semi-colonialism in the context of monopoly capitalist development is in order.

Both Marx and Lenin had brought out the point that colonialism and imperialism did not come about only during modern times -- specifically during the last four centuries. These had occurred even during ancient societies such as the Roman imperial civilization and feudal ones, such as the Ottoman, Chinese conquests.⁷

What Lenin in particular first pointed out largely on the basis of studies made by a bourgeois economist, John Hobson, and a Marxist one, Rudolf Hilferding, was that the imperialism and colonialism that had begun to take shape from the 1870s onwards and that reached maturity during the turn of the 20th century was a particular manifestation of the development of capitalism from its pre-monopoly stage to its monopoly stage.

Lenin, in the book *Imperialism, the Highest Stage of Capitalism*, outlined five basic features of monopoly capitalism.⁸

The first he noted was the predominance of monopolies. Previous to this, Marx had already observed two trends which he termed the concentration and the centralization of capital. He describes concentration of capital in the following terms:

"The continual retransformation of surplus-value into capital now appears in the shape of the increasing magnitude of the capital that enters into the process of production. This in turn is the basis of an extended scale of production, of the methods for raising the productive power of labour that accompany it, and of accelerated production of surplus value. If, therefore, a certain degree of accumulation of capital appears as a condition of the specifically capitalist mode of production, the latter causes conversely an accelerated accumulation of capital."⁹

This he distinguished from the phenomenon of centralization of capital, which he in turn explains as follows:

"This splitting-up of the total social capital into many individual capitals or the repulsion of its fractions from one another, is counteracted by their attraction. This last does not mean that simple concen-

tration of the means of production and of the command over labour which is identical with accumulation. It is concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals. This process differs from the

former in this, that it only presupposes a change in the distribution of capital already to hand and functioning; . . . " 10

Thus, Marx in *Capital* already bares the outlines of a general development of pre-monopoly capitalism towards monopoly capitalism.

C. FIVE MAJOR FACETS OF MONOPOLY CAPITALISM

The monopoly nature of this new stage of capitalism has manifested itself in five basic spheres: 1) ownership of capital; 2) marketing;

3) technology; 4) state favors with regards to taxes and subsidies; and 5) finance.

1. Monopoly Capitalist Ownership

Capitalism took its first step towards the emergence of monopolies with the formation of corporations. Under this new form of business organization, a number of capitalists would join together in a new single enterprise parts of the previous profits of their respective old enterprises. The capitalist corporation or the joint-stock company, as it was more widely known during the 19th century, emerged as early as the 18th century. By 1800, Britain, then the leading capitalist country, had 20 of them, while the United States, where capitalism at the time was growing most rapidly, already had 100.¹¹

Though a considerable proportion of the stocks in most corporations have belonged to small capitalists, or even members of

petty bourgeoisie availing of the stock exchange, big capitalists have generally dominated the corporations. Since only the biggest stockholders have been entitled to representation in the board of directors, they have enjoyed the decisive say in determining company policies and have as a result acquired special privileges and advantages in appropriating capitalist surplus value. By deciding, among others, to what extent profits are channelled to dividends, bonuses, added investments or new enterprises, these dominant capitalists have managed to enlarge their share of the corporate profits. This has allowed them to corner more surplus value per capital investment than the lesser fellow shareholders.

Various studies made by econo-

mists in the West, including Adolf Berle, Gardiner Means, R.J. Lerner and Jean-Marie Chevalier, have shown that groups of big stockholders owning as little as from 5 to 20 per cent of the total shares of a corporation can assert dominance in the board of directors and gain superior access to the entire surplus value generated in an enterprises.¹²

The advent of corporations by itself did not mean the emergence already of monopoly capitalist enterprises. The organization of capitalist ownership through corporations did, however, facilitate the rise and operation of monopoly capitalist business, and continues to do so to this day.

Monopoly capitalist control in terms of ownership of capital have taken three basic forms:

Horizontal Integration. This refers to monopoly capitalist domination within one industry producing a single kind of commodity. During the latter half of the nineteenth century, capitalists in one line of industry began to either, merge with, buy out or make one another bankrupt until a mere few began to cast a dominant shadow over the entire industry.

Each industry in the United States, Japan, Western Europe, Canada, Australia and New Zealand, since the turn of the century, and in South Korea, and Taiwan has been dominated by a few giant corporations in turn dominated by a few stockholders and directors. The following lists down these industries and corporations according to the home countries of their dominant stockholders and directors:¹³

1. Crude Oil, Natural Gas Refined Petroleum Products

a. U.S.

Exxon
Mobil Oil
Standard Oil of California
Texaco
Chevron (formerly Gulf Oil)

b. Japan

Nippon Oil
Mitsubishi Petrochemicals
Chiyoda Chemical Engineering
(Mitsubishi)
Mitsubishi Oil
Mitsui Petrochemical Co.
Maruzen Oil (Sanwa)

c. West Germany	Gelsenberg Elverath
d. United Kingdom	Royal Dutch Shell British Petroleum BOC Group
e. France	Compagnie Francaise des Petroles
f. Italy	Ente Nazionale Idrocarburi (ENI)
g. Korea	Lucky Group Daewoo
h. Belgium	Petrofina
i. Spain	Hispanoil
j. Taiwan	China Petroleum Co .
2. General Machinery and Engineering	
a. Japan	Mitsui Heavy Machinery Mitsubishi Heavy Industries Kawasaki Heavy Industries (Dai-ichi Kangyo) Sanki Engineering Co. (Mitsui)
b. West Germany	Gutehoffsnunghutte Konzern Mannesmann AG Demag Krupp
c. U.K.	Northern Engineering Industries, Ltd. Rubbery Owen Holdings
d. France	Schneider Group
e. Netherlands	Verenigde Machinefabriken Stork NV NV Gemeenschappelijk Bezit VRG Oerlikon Buhrle Holding Alfa Laval Atlas Copco
f. Sweden	

g. Denmark	Danisco A/S
h. South Korea	Daewoo
i. Belgium	Tractional (Societe Generale de Belgique)
3. Electrical and Power Equipment	
a. U.S.	General Electric Westinghouse United Technologies Hitachi Ltd. (Fuyo) Fujikura Cable Works (Mitsui) Mitsubishi Electric Fuji Electric (Dai-ichi Kangyo) Sumitomo Electric Siemens AG AEG Telefunken Krupp Ferranti Northern Engineering Industries Thomson Electric Rolls Royce BICC Pic Compagnie Generale d'Electricite (CEG) Schneider Group Fiat Italtrado SA Nuevo Pignone Thomassen Dirjuer Verblifen Philips Brown Boveri ASEA AB Electrolux AB Hyundai Voest-Alpine Elin Union
b. Japan	
c. West Germany	
d. U.K.	
e. France	
f. Italy	
g. Netherlands	
h. Switzerland	
i. Sweden	
j. South Korea	
k. Austria	
4. Electrical Household Equipment	
a. United States	General Electric Westinghouse Mitsubishi Electric Daikin Kogyo (Sumitomo) Sharp (Fuyo)
b. Japan	

	Matsushita Electric (Sumitomo) Hitachi (Fuyo) Sony Sanyo (Sumitomo) Akai Corp. JVC Pioneer		
c. West Germany	Siemens BASF		
d. U.K.	Thomson Electric		
e. France	Schneider Group St. Gobain		
f. Italy	Montedison		
g. Netherlands	Philips		
h. Sweden	Electrolux AB		
i. South Korea	Samsung Hyundai		
5. Nuclear Power Equipment			
a. U.S.	General Electric Westinghouse Corp. Exxon Chevron Babcock & Wilson Mitsubishi Toshiba electric Hitachi (Fuyo)		
b. Japan	Siemens AG Frematome SA Brown Boveri SA ASEA-Atom Atomic Energy of Canada, Ltd.		
c. West Germany			
d. France			
e. Switzerland			
f. Sweden			
g. Canada			
6. Construction Machinery and Equipment			
a. United States	Caterpillar		
b. Japan	Komatsu (Sumitomo) Caterpillar Mitsubishi Marubeni-Iida		
c. West Germany	Demag		
d. U.K.	IBH		
e. South Korea			Tarmac plc Daewoo
7. Construction Materials			PPG
a. United States			Owen-Illinois Owen-Corning Fiberglass Sherwin-Williams Mitsui Cement Asahi Glass (Mitsubishi) Nihon Cement (Fuyo) Nippon Sheet Glass (Sumitomo) Onoda Cement Central Glass Ltd. (Mitsui) Shinto Paint (Sumitomo) Toa Paint (Dai-ichi Kangyo) Kansai Paint (Sanwa) Tarmac plc St. Gobain Gebruder Bruhler F.L. Smidth & Co. CSR Ltd. Kone Oy
b. Japan			
c. U.K.			
d. France			
e. Switzerland			
f. Denmark			
g. Australia			
h. Finland			
8. Construction/Real Estate			Levitt (International Telephone and Telegraph)
a. U.S.			Taisei Construction (Fuyo) Kajima (Sumitomo) Sumitomo Construction Mitsui Construction Nishimatsu Construction (Fuyo) Krupp Russell Williams Inc. Roughton & Partners Zenen Verstoop N.V. Kampsax Daewoo Hyundai Construction Hanyang
b. Japan			
c. West Germany			
d. U.K.			
e. Netherlands			
f. Denmark			
g. Korea			
9. Fluid Systems Equipment			Izeta Weld Pipe Co., Ltd. Nippon Pipe (Sumitomo) Mannesmann Legris S.A. Hyundai
a. Japan			
b. West Germany			
c. France			
d. South Korea			

10. Farm Equipment		
a. United States	John Deere Ford Tractors Kubota (Fuyo) Demag British Leyland Fiat Trattori Meya Machinefabriek BV Massey Ferguson	
b. Japan		
c. West Germany		
d. U.K.		
e. Italy		
f. Netherlands		
g. Canada		
11. Automotive and Locomotive Equipment		
a. United States	General Motors (GM) Ford Motors Chrysler Motors Toyota-Daihatsu-Hino Nissan Motors (Fuyo) Mitsubishi Motors Toyo Kogyo Isuzu Motors (Dai-ichi Kangyo) Mazda Tokyo Electrical Expressway (Tokyu) Daimler-Benz Volkswagen-Audi-NSU BMW Krupp Renault Peugeot-Citroen	
b. Japan	Fiat-Lancia Alfa Romeo British Leyland Rover Group Volvo Saab-Scania Canadian Pacific Daewoo Hyundai SEAT	
c. West Germany		
d. France		
e. Italy		
f. U.K.		
g. Sweden		
h. Canada		
i. South Korea		
j. Spain		
12. Motorcycles		
a. U.S.	Harley-Davidson Kawasaki (Dai-ichi Kangyo) Honda Motors Suzuki Yamaha	
b. Japan		
c. West Germany		BMW
13. Motorboat Equipment		
a. U.S.		Briggs & Stratton Volvo
b. Sweden		
14. Air Transport Equipment		
a. U.S.		McDonnell-Douglas Boeing Lockheed Northrop General Dynamics Nihon Aeroplane Manufacturing Japan Aviation Electronics (Sumitomo) Showa Aircraft Industry Co. (Mitsui) Messerschmidt-Bolkow-Blohn GmbH Rolls Royce Ltd. British Aerospace plc. Airbus Industries Nationale Industrielle Aerospatiale Nederlandse Vlieg Wigenfabriek Fokkor NV Instituto Nacional de Industria
b. Japan		
c. West Germany		
d. U.K.		
e. France		
f. Netherlands		
g. Spain		
15. Air Transport		
a. U.S.		Pan American United Airlines Western Airlines American Airlines Japan Air Lines Lufthansa British Airways UK Caledonia Air France Alitalia KLM Royal Dutch Swissair Korean Air Lines Sabena China Airlines Cathay Pacific
b. Japan		
c. West Germany		
d. U.K.		
e. France		
f. Italy		
g. Netherlands		
h. Switzerland		
i. South Korean		
j. Belgium		
k. Taiwan		

16. Shipbuilding		
a. Japan	Hitachi Shipbuilding (Sanwa) Sumitomo Shipbuilding & Machinery Mitsui Shipbuilding	Ferranti Bristol Siddeley
b. South Korea	Daewoo Hyundai Heavy Industries Samsung Korea Tacoma Korea Shipbuilding and Engineering	
17. Shipping		
a. U.S.	Sea Land (R.J. Reynolds) American President Lines Nippon Yusen Kaisah (Mitsubishi) Mitsui OSK Kawasaki Kaisen Kaisha Showa Shipping Nippon Container Transport (Mitsubishi) Hapag-Lloyd Koninklijke Nedlloyd Group IV Rederi AB Transatlantic EAC A/s Det Ostasiatiske Wilhelm Wilhelmsen Ltd. AS	
b. Japan		
c. West Germany		
d. Netherlands		
e. Switzerland		
f. Denmark		
g. Norway		
18. Tires & Rubber		
a. U.S.	Goodyear Firestone B.F. Goodrich Bridgestone Tires (Sumitomo) Nitto Tire (Mitsubishi) Sumitomo Rubber Industries Yokohama Rubber (Dai-ichi Kangyo) Michelin	
b. Japan		
c. France		
19. Armaments		
a. U.S.	Colt Hughes Aircraft General Dynamics Mitsubishi Heavy Industries Mitsubishi Electronics Kawasaki Heavy Industries (Dai-ichi Kangyo) Messerchmidt-Bolkow-Blohm GmbH United Scientific Holdings Group	
b. Japan		
c. West Germany		
d. U.K.		
20. Office, Writing and Data Equipment		
a. U.S.		International Business Machines (IBM) Unisys National Cash Register (NCR) Xerox Corp. Reynolds Aluminium Fujitsu (Dai-ichi Kangyo) Omron Casio Olympia (Daimler-Benz) Triumph Business Machines Gestetner Staedtler A.W. Faber Castell Societe Bic Olivetti Philips Samsung
b. Japan		
c. West Germany		
d. France		
e. Italy		
f. Netherlands		
g. South Korea		
21. Paper & Pulp and other Forestry Products, Logging Equipment		
a. U.S.		Weyerhaeuser Boise Cascade Georgia Pacific International Paper Kimberly Clark Mitsubishi Paper Mills Tokomai Mill Mitsui Co., Ltd. Jujo Paper Mfg. Oji Paper Mfg. Co. Kokusaku Pulp Industry (Fuyo) Schoeller & Hoesch Gesecke & Devtient B.A.T. Industries Groupement Industriel de Manufactures de Menuiseries (GIMM) Spie Gatignolles Tropical Tinzer Basle Swedish Match AG Tetrapack International (AB) Sandvik Brodsene Hartmann A/S
b. Japan		
c. West Germany		
d. U.K.		
e. France		
f. Switzerland		
g. Denmark		

h. Austria	Bunzl & Biach AG	h. South Korea	Samsung
22. Telecommunications Equipment/Service		24. Photographic and Graphic Equipment and Materials	
a. United States	American Telephone & Telegraph (ATT) General Telephone & Electronics (GTE) International Telephone & Telegraph (ITT) General Electric Westinghouse Mitsubishi Hitachi Toshiba Nippon Electric (Sumitomo)	a. U.S.	Polaroid Kodak Fuji Photo (Mitsui) Olympus Canon Inc. (Fuyo) Minolta Nikon Agfa EAC Samsung
b. Japan	Siemens AG AEG Telefunken Cable & Wireless British Telecom CGE L.M. Ericsson Telephone Philips Daewoo Lucky Group	b. Japan	
c. West Germany		c. West Germany	
d. U.K.		d. Denmark	
e. France		e. South Korea	
f. Italy		25. Optical Equipment	
g. Netherlands		a. U.S.	Ray-Ban
h. South Korea		b. West Germany	Zeiss
		c. France	Essilor Int.
23. Semi-conductors		26. Time Instruments	
a. U.S.	Motorola Texas Instruments Fairchild ITT National Semiconductor General Electric Toshiba Hitachi Matsushita Fujitsu Nippon Electric Co. (Mitsubishi) AEG Telefunken Siemens AG Ferranti plc. Plessey Semiconductor Ltd. Thomson SGS-ATES Philips	a. U.S.	Timex
b. Japan		b. Japan	Seiko (Fuyo) Citizen Ricoh Casio Rolex Omega Rado
c. West Germany		c. Switzerland	
d. U.K.		27. Publishing	
e. France		a. U.S.	Time, Inc. Times-Mirror, Inc. Newhouse Scripps-Howard Hearst McGraw-Hill Encyclopedia Britannica Toppan Dai Nippon Prin Asahi Shimbun
f. Italy		b. Japan	
g. Netherlands		28. News Service	
		a. U.S.	Associated Press UPI (Scripps-Howard/Hearst) Kyodo News Reuter Agence France Presse
		b. Japan	
		c. U.K.	
		d. France	

29. Broadcasting		
a. U.S.	National Broadcasting Corp. (NBC) American Broadcasting System Columbia Broadcasting System Metro-Goldwyn-Mayers Columbia Twentieth Century Fox Warner Brothers Nippon Broadcasting Rand	Mitsui Mining
b. Japan		
c. U.K.		
30. Advertising Services		
a. U.S.	J. Walther Thompson McErickson Cann Ogilvy & Mathers Saatchi & Saatchi	
b. U.K.		
31. Steel		
a. U.S.	USX (US Steel) Bethlehem Steel Armco Steel Nippon Steel (Fuyo) Nippon Kokkan Kawasaki Steel (Dai-ichi Kangyo) Mitsubishi Steel Sumitomo Metal Industries Kobe Steel (Sanwa) August-Thyssenhuette Krupp Hoesch-Hoogovens Mannesmann Kloeckner RTZ (Rio Tinto Zinc) Schneider Group Daewoo Hyundai	
b. Japan		
c. West Germany		
d. U.K.		
e. France		
f. South Korea		
32. Coal		
a. U.S.	Consolidation Coal (Continental Oil) Pittsburgh & Midway (Chevron) Sumitomo Coal Mining Mitsui Mining	
b. Japan		
33. Copper		
a. U.S.	American Smelting & Refining Anaconda Kennebecott Phelps Dodge Furukawa Mining (Dai-ichi Kangyo)	
b. Japan		
34. Aluminum		
a. U.S.		Alcoa Reynolds Aluminum Kaiser Aluminum Mitsubishi Aluminum Sumitomo Light Metals Nippon Light Metal (Dai-ichi Kangyo) Furukawa Aluminum (Dai-ichi Kangyo) Pechiney Alusuisse S.A. Schweizerische Aluminum AG Alcan Aluminum
b. Japan		
c. France		
d. Switzerland		
e. Canada		
35. Other Metals, Mining Equipment		
a. Japan		Mitsubishi Metal Mining Mitsubishi Mining Sumitomo Metal Mining Mitsui Mining and Smelting Bayer AG Metallgesellschaft AG Demag Krupp Rio Tinto Zinc Atlas Copco AB Canadian Pacific Noranda Cominco, Ltd. Societe Generale de Belgique Voest-Alpine Outokumpo
b. West Germany		
c. U.K.		
d. Sweden		
e. Canada		
f. Belgium		
g. Austria		
h. Finland		
36. Sports Equipment		
a. U.S.		Wilson Dunlop
b. Australia		
37. Garments/Undergarments		
a. U.S.		Interco Levi-Strauss VF Clairborne Fruit of the Loom Maidenform Jockey Hanes So-en
b. Japan		

c. West Germany	Bueltel Bekleidungswerke GmbH Pullacher Bekleidingswerke Gold-Zack Werke	e. France	Fisons, Ltd. Rhone-Poulenc
d. Switzerland	Triumph International	f. Italy	Montedison
38. Textiles, Thread		g. Netherlands	DSM
a. U.S.	Burlington	h. South Korea	Samsung
b. Japan	Teijin (Sanwa) Nisshin Spinning (Fuyo) Mitsubishi Rayon Mitsubishi- Burlington Carpet Asahi Chemicals (Sumitomo) Toray Chemicals (Mitsui) Bueltel-Bekleidungswerke GmbH Pullicher Bekleidungswerke Coats Viyella Tootal Group plc. Montedison Daewoo Samsung	i. Norway	Norsk Hydro
c. West Germany		41. Chemicals	
d. U.K.		a. U.S.	Union Carbide Du Pont Dow Chemicals Monsanto Mitsubishi Chemicals Sumitomo Chemicals Mitsubishi Monsanto Co. Mitsubishi Acetate Mitsui Toatsu Chemicals Showa Denko (Fuyo)
e. Italy		b. Japan	
f. South Korea		c. West Germany	BASF Bayer AG Hoechst Henkel KGaA International Chemical Industries Albright & Wilson Rhone-Poulenc Montedison Akzo N.V. CIBA Geigy Sophus Berendson Lucky Daenoc Solway & Cie, S.A. Norsk Hydro Chemie Linz AG
39. Shoes		d. UK	
a. U.S.	Nike	e. France	
b. West Germany	Adidas Puma	f. Italy	
40. Fertilizers, Fertilizer Plants		g. Netherlands	
a. U.S.	Chevron Kaiser Aluminum Borden Exxon W.R. Grace Chemicals Williams Cos. U.S Agrichem (US Steel) Esmark Texasgulf International Minerals & Chemicals Kellogg American Cyanamid Mitsui Chemicals Mitsubishi Chemicals Nissan Chemical Industries Japan Chemical Co. BASF Hoechst International Chemical Industries (ICI)	h. Switzerland	
b. Japan		i. Sweden	
c. West Germany		j. South Korea	
d. U.K.		k. Belgium	
		l. Norway	
		m. Austria	
		42. Drugs, Medical Equipment	
		a. U.S.	Pfizer American Home Products Abbott Johnson & Johnson Mead Johnson Wyeth
		b. Japan	Takeda Chemicals (Sumitomo) Kamanouchi Pharmaceuticals

c. West Germany	Boehringer Ingelheim Hoechst Merck Group Natterman & Cie. Schering AG		47. Alcoholic Beverages	
d. U.K.	Glaxo Beecham Group BBC Group Wellcome plc. Rhône-Poulenc Montedison F. Hoffman La Roche CIBA Geigy Sandoz AG Galactina AG Astra AB		a. U.S.	Anheuser-Busch Seagrams United Vintners (RJ Reynolds) Kirin Brewery (Mitsubishi) Asahi Breweries (Sumitomo) Sapporo Breweries (Fuyo) Heineken Grand Metropolitan plc. Gilbeys Oriental Brewery Carlsberg
e. France			b. Japan	
f. Italy			c. West Germany	
g. Switzerland			d. U.K.	
			e. South Korea	
			f. Denmark	
h. Sweden			48. Non-alcoholic Beverages	
43. Soap, Detergent, Cooking Oil and other Coco-based Products			a. U.S.	PepsiCo Coca Cola Borden Kraft General Foods Mead Johnson Wyett Lipton Nestle Sandoz Glaxo
a. U.S.	Procter & Gamble Colgate Palmolive Kao Unilever Wella		b. U.K.	
b. Japan			c. Switzerland	
c. U.K./Netherlands				
d. West Germany			49. Animal Feeds	
44. Cosmetics			a. U.S.	Cargill Continental Grains Mitsui Formula Feeds Mitsubishi British Petroleum Co. Andre
a. U.S.	Avon Products Revlon Kao Beecham Group Mary Quant Christian Dior L'Oreal		b. Japan	
b. Japan			c. U.K.	
c. U.K.			d. France	
d. France			50. Processed Meats	
45. Tobacco Products			a. U.S.	Swifts Armour Hormel Esmark Booker plc. British Petroleum Co.
a. U.S.	Philip Morris Nabisco (R.J. Reynolds) Reemtsma Cigaretrenfabriken British-American Tobacco Industries (BAT) Rothmans Int.		b. U.K.	
b. West Germany				
c. U.K.			51. Processed Fruit Products	
46. Non-food Retail			a. U.S.	Del Monte (R.J. Reynolds) Dole (Castle & Cooke) United Brands Sumitomo
a. U.S.	Sears & Roebuck Isetann Seibu Department Store (Dai-ichi Kangyo) BAT Industries		b. Japan	
b. Japan				
c. U.K.				

		Mitsui Mitsubishi Adams Foods	c. Portugal	Tome
c. U.K.			56. Food Retail Cutlets	
52. Grains Milling, Transport and Storage			a. U.S.	McDonald's Pizzahut (PepsiCo) General Foods Kentucky Fried Chicken (R.J. (Pepsico) A & W
a. U.S.		Cargill Continental Grains		
b. Japan		Nippon Flour Mills (Mitsui) Nisshin Flour Milling (Fuyo)	57. Hotels	
c. Switzerland		Andre	a. U.S.	Sheraton Hilton Holiday Inn Hyatt Chevron Exxon Tokyo Group Grand Metroplitan plc.
53. Sugar, Confectionaries and Sugar Milling Equipment				
a. U.S.		Amstar CFC International Hershey's Corp. Nabisco National Sugar Refining Mitsui Sugar Meiji Sugar (Dai-ichi Kangyo) MAN AG Deilmann AG Tate & Lyle Fletcher & Steward Barker & Dibson Cie de Fives Lille Van Melle Samsung	b. Japan	
b. Japan			c. U.K.	
c. West Germany				
d. U.K.				
e. France				
f. Netherlands				
g. South Korea				
54. Breakfast and Snack Foods				
a. U.S.		General Foods Kelloggs General Milling Kraft R J Nabisco Calpis Food Industry (Dai-ichi Kangyo) Meiji Milk Products (DK) Meiji Seika (DK) United Biscuits Nestle Kjeldsen		
b. Japan				
c. U.K.				
d. Switzerland				
e. Denmark				
55. Processed Fish Products				
a. U.S.		Dole (Castle & Cooke) Liberty Gold (Ligo) British Columbia Packing Placer Devp., Ltd.		
b. Canada				

Vertical integration. A second form of monopoly capitalist property has been the ownership of enterprises supplying the raw materials and equipment to their corporations, as well as enterprises engaged in the further processing of their products -- a phenomenon otherwise known as "vertical integration." The ownership of enterprises providing the raw material and equipment is likewise referred to as "backward" or "upstream" integration, the further processing as "forward" or "downstream" integration. Lenin, following Hilferding, called this development "combination."¹⁴

The most outstanding example of such "combines" has been the giant oil companies engaged in all the various stages the production, exchange and processing of petroleum -- from exploration, mining of crude oil and natural gas and its transport across continents through tankers and pipelines to its refining as gasoline, diesel oil, greases, waxes, fertilizers and various petrochemicals, its storage in depots, and final transport to and storage in gas stations, where maintenance-services and assorted products are also retailed.

Conglomerates. A third form of monopoly capitalist ownership has been the conglomerate, the mammoth-sized corporation dealing in the production of varied and disparate types of commodities. A corporation that falls under this category is the notorious International Telephone and Telegraph (ITT), the communications equipment giant, to which belongs the largest bakery

(Continental), the biggest hotel chain (Sheraton), the second largest car rental outfit (Avis), and the leading housing developer (Levitt) in the United States.¹⁵

During the past few decades, most of the mergers and acquisitions have been made by conglomerates. Many of the dominant corporations exercising horizontal and vertical integration have also gone into expansion as conglomerates.

2. Monopoly Capitalist Control of the Markets

Monopoly capitalist development has been largely directed at controlling markets to raise prices and therefore profits beyond what would ordinarily prevail had competition rather than monopoly dominated.

The primary institution by which capitalists wielded control over the markets has been the cartel -- the collaboration of various capitalists especially within a single industry to fix and manipulate prices among themselves.

During the early years of monopoly capitalism, capitalists usually met informally, often during luncheon meetings, to agree among themselves as to how they would price their commodities. These casual deals, sometimes called pools, aimed to peg prices at artificially high levels through a variety of methods which at times included

joint control of the supply of goods produced and the assignment of certain firms to specific marketing areas. During the heyday of monopoly capitalism, specifically the first seven decades of the 20th century, this collusion in many industries evolved into formal associations and agreements.

Lenin in 1914 described the operation of one such cartel in Germany: "The cement industry, for instance, can find its raw materials everywhere. Yet, in Germany, this industry is strongly cartelised. The cement manufacturers have formed regional syndicates: South German, Rhine-Westphalian, etc. The prices fixed are monopoly prices: 230 to 280 marks a car-load, when the cost-price is 180 marks!"¹⁶

In this description, he related another instance of cartel pricing: "In fact, the Sugar Trust set up monopoly prices, which secured it such profits that it could pay 10 per cent dividend on capital 'watered' seven-fold or about 70 per cent on the capital actually invested at the time the trust was formed!"¹⁷

Cartels have arisen as a measure to offset for the time being the recessions that have grown out of cutthroat capitalist competition and the intensifying capitalist crisis.

Still another tool monopoly capitalists have used to dominate markets has been **advertising**. Through advertisements they have sought to mold the consciousness of the consumer public and to whet its appetite for certain commodi-

ties and brands.

The big capitalists have been better funded than the small to spend for advertising. They have therefore been able to monopolize publication and billboard space, and radio and television time for stimulating consumer wants for their products that advertising has associated with brandnames, trademark, slogans, jingles, gimmicks and various come-ons. Through copyrights, they exercise exclusive use of these selling devices.

Obsessed with the mission of enhancing the exchange-value rather than the use-value of products, advertisement has in the process served to cover up the fact that many of the products that it has aimed to popularize do in fact harm consumer health and safety (as in refined foods, food additives, artificial drinks, cigarettes, and pesticides), contribute to public mis-education and help destroy the natural environment and ecology (as in synthetic fertilizers, pollution-causing detergents, vehicles and industrial wastes)¹⁸

A third instrument that has aided market monopoly has been the use of the protectionist quota barrier, which sets an upper limit to the volume of certain types of goods that may be imported. Except for Great Britain, which maintained its leadership in the capitalist world until the turn of the century, all capitalist countries had developed in their pre-monopoly stage with the assistance of import quotas that shielded their infant industries from the onslaught

of British-made goods. In the monopoly phase, of capitalism, import quotas has served a new purpose: the maintenance of monopoly-prices, for locally-produced goods and the prevention of competition from lower-priced imports. In the contemporary scene, much of the tension in trade relations

among capitalist countries has sprung from the struggle of U.S. and West European monopoly capitalists to put a brake on the influx of less expensive steel, garments, textiles, shoes, cars, and computer chips from Japan, Taiwan and South Korea.

3. Monopoly Capitalist Control of Technology

Monopoly capitalists have succeeded in cornering technology by exploiting two advantages.

First, the sheer volume of profits the huge corporations have enjoyed have enabled them to allot larger portions of their unapid surplus value to research -- to discovering new concepts, applications, products, production methods, materials and instruments. A study on U.S. firms in 1953 showed that the large companies (employing 5,000 or more) spent on average of 25 dollars per patent pending, while smaller firms laid out roughly half of this, or only 13 dollars per patent pending.¹⁹

Second, these corporations have been able to monopolize access to technology by paying for patent rights which they either use to the exclusion of other firms, or which they do not use at all but at the same prevent others from using due to their hold on the patents.

Economist John Blair has noted that in many cases, the leading monopoly firms in each industry have

strived to suppress the development and use of newer and cost-cutting technology:

In perhaps the most famous case of this kind, Standard Oil of New Jersey and several leading foreign competitors (notably the German firm I.G. Farben) were found to have used their combined patents to suppress the development of a synthetic-rubber industry in the United States, seriously impairing the war effort. Elsewhere, Hartford-Empire was found to have acted to prevent the development of new and different automatic glass machinery outside the scope of Hartford's patents and also to have discouraged its licensees from making improvements in machinery by requiring that such improvement become the property of Hartford-Empire. In another type of machinery, United Shoe Machinery Corporation was found to have engaged in practices retarding the development and introduction of mass-production techniques in shoe manufacturing, restricting labor productivity in shoe factories, and preventing reduction in manufacturing costs. Through patent pooling, the purchasing of patent rights, and cartel arrangements with leading foreign competitors, the General Cable Corporation was found to have suppressed the commercial exploitation of a superior and more economical type of cable.²⁰

In the case of the United Shoe Machinery Company, as one American historian put it, it "became overlord to the [U.S.] shoe industry by buying up 6,000 patents covering all aspects of shoe manufacturing, and dictating the terms on which it was prepared to lease them".²¹

Developing new technology, production processes, products or instruments involves the research labor of applying scientific concepts and discoveries that are in turn the product of basic scientific research labor. By themselves, basic scientific research contributes to the progressive accumulation of the body of human knowledge that systematically reflects the realities of the universe based on objective investigation and experimentation -- in short, science. Since science is expected to expand and build itself infinitely block upon block of knowledge as long as humanity can regenerate itself, the labor in basic scientific research infinitely spread itself out throughout the stretch of infinitely arising new scientific ideas and concepts. The labor embodied in a scientific concept that is transformed into an infinite succession of new and more advanced scientific concepts thus approaches zero. The component of past scientific labor in each new research development amounts to practically zero.

In contrast, the application of basic scientific concepts to new products and processes is finite since a certain invention or technological discovery will last for a certain limited timespan -- until which

it becomes obsolete and is replaced by a more advanced technology. During its use, this technology in turn contributes to the rise of new scientific concepts. The application, however, is finite. As such, the applied research labor equivalent of each product or production process can be measured as follows:

$$= \frac{\text{total amount of applied research labor}}{\text{total amount of products or services created using applied research labor}}$$

As in the case of depreciation, when the applied technology is not yet obsolete, the total number of products or services may be estimated based on the average lifespan of previous technology. The estimated figure would therefore be

$$= \frac{\text{total amount of applied research labor}}{\text{expected or estimated rate of production of products or services created using applied research labor} \times \text{estimated lifespan of technology}}$$

Royalties are supposed to pay for this amount of applied research labor per product or service created using new technology. This above mentioned method of estimation can be used to measure the amount that is supposed to be exchanged for the royalties.

Scanning the sheer volume of products and services turned out using a particular applied technology, we expect the applied research labor to be spread and thinned out considerably to an in-

substantial amount per product or service.

And yet, industrial monopolies usually charge large amounts in royalties for use of patented technology.

4. Monopoly of State Favors Regarding Taxes, State-Services and Subsidies

Monopoly also manifests itself in enjoying certain advantages in terms of taxes, subsidies and state-services.

In general, the big corporations and the big bourgeoisie have benefited from favored statuses when it comes to payment and non-payment of taxes. Compared to small capitalists and even individual income taxpayers in capitalist countries, the monopoly firms have paid much less taxes per mount of declared profits. By receiving so much more value in state-labor-services (defense, regulatory, administrative, research, etc.) than they pay for in taxes, compared to the small capitalists, the monopolists corner for themselves a disproportionately large share of the unpaid state-capitalist surplus services of the workers of the capitalist government bureaucracy.

One of the biggest beneficiaries of this kind of favoritism have been the monopoly capitalists in the U.S. oil industry. By various tax deduction schemes, they have been made to pay on the average 4 to 8 per cent of their net-income-before-taxes as taxes, whereas other

In effect, charging of royalties constitutes a form of overpricing by corporations based on their monopoly of technology and a means of re-appropriating unpaid labor to their corporate coffers.

corporations have paid an average of 40 of pre-taxed income as taxes. They have been granted tax credits that deduct from the taxes due to the US government, most of the amounts in taxes already paid to the Middle East governments. They have also been privileged with oil depletion allowances, that allow them to keep for themselves billions of dollars per year that would ordinarily have found its way to the state treasury.²²

The capitalist monopolies not only have reaped the windfalls from a smaller flow of funds to the state, but also have been favored with larger outlays of state funds. The U.S. oil magnates for one have been recipients of large grants from the U.S. state bureaucracy to finance research into use of coal and nuclear power. To illustrate the size of these doleouts, the U.S. government gave out to the U.S. shipping monopoly firms \$200 million in 1970 alone.²³

The hold by the monopoly capitalist class on their state and its officials has been maintained by various threads. One is through bribes (in campaign funds, and of-

fers of stocks and juicy positions in corporations upon retirement). Lenin, for instance, quoted a comment concerning the lure of corporate wealth and prestige on state bureaucrats: "How about the integrity of a state official who in his innermost heart is aspiring for a soft job in the Behrenstrasse? (The Berlin street where the head office of the Deutsche Bank is lo-

cated)."²⁴

Another has been its hold on the ideological conditioning of current bureaucrats (through corporate-financed research foundations and lobbying groups) and the training of future ones through the educational system which it controls through grants, endowments and scholarships.

5. Financial Monopoly

The final monopoly advantage held by the big bourgeoisie lies in the field of finance. This corresponds to the second major characteristic of monopoly capitalism pointed out by Lenin -- the financial oligarchy. In this monopoly stage of capitalism, the banks have also embodied the concentration and centralization that have marked industrial capital. The banks not

only have become bigger, but a greater proportion of bank capital is in the hands of a fewer giant banks and bankers. Apart from the megasized banks, big insurance companies, investment houses and pension funds have provided means by which surplus funds and savings are accumulated and lent out to the monopoly industries.

The following enumerates the biggest banks that monopolize the financial world in the capitalist societies of the West and Japan.

Country	BANKS
U.S.	Bank of America First National City Bank (Citicorp) Chase Manhattan Bank Manufacturers Hanover Corp. JP Morgan & Co. Countinental Illinois Corp. Chemical Bank First Interstate Bancorp. Bankers Trust First Chicago Corp. Security Pacific Corp. American Express Wells Fargo Bank Crocker National Bank Marine Midland Banks
Japan	Dai-ichi Kangyo Bank Sumitomo Bank Mitsubishi Bank Fuji Bank Sanwa Bank Bank of Tokyo Industrial Bank of Japan Norinchukin Bank Mitsui Bank Tokai Bank Long-term Credit Bank of Japan Taiyo Kobe Bank Mitsubishi Trust & Banking Daiwa Bank Sumitomo Trust & Banking Mitsui Trust & Banking Nippon Credit Bank Kyowa Bank Yasuda Trust & Banking Saitama Bank Toyo Trust & Banking Hokkaido Takushoku Bank Bank of Yokohama

West Germany

Deutsche Bank
Dresdner Bank
Westdeutsche Landesbank Girozentrale
Commerzbank
Bayerische Vereinsbank
Bayerische Landesbank Girozentrale
Bayerische Hypotheken-und
Wechsel- Bank
Deutsche Genossenschaftsbank
Hessische Landesbank-Girozentrale
Bank fur Gemeinwirtschaft
Norddeutsche Landesbank Girozentrale

U.K.

Barclays
National Westminster Bank
Midland Bank
Hongkong & Shanghai Bank
Lloyds Bank
Standard Chartered Bank

Austria

Creditanstalt-Bankverein

Finland

Den Norske Creditbank

Korea

Korean Exchange Bank
Commercial Bank of Korea
Hamil Bank

Australia

Commonwealth Banking
Bank of New South Wales
Australia & New Zealand Banking

Belgium

Societe Generale de Banque
Group Bruxelles Lambert
Kredietbank
Algemene Spaar-en Lijfrentekas
Credit Communal de Belgique

Brazil

Banco de Brasil

Canada

Royal Bank of Canada
Canadian Imperial Bank of Commerce
Bank of Montreal
Bank of Nova Scotia
Toronto-Dominion Bank

France	Banque Nationale de Paris Credit Agricole Credit Lyonnais Societe Generale Cie Financiere de Suez Cie Financiere de Paris et des Pays-Bas Groupe des Banques Populaires Credit Mutuel
Israel	Bank Leumi le-Israel Bank Hapoalim
Italy	Banco Nazionale del Lavoro Banco de Roma Banca Commerciale Italiana Istituto Bancario San Paolo de Torino Credit Italiano Monte dei Paschi di Siena Banco di Napoli Banco di Sicilia Cassa di Risparmio delle Provincie Lombarde Banca Nazionale dell'Agricoltura Banca Popolare di Novara
Netherlands	Algemene Bank Nederland Rabobank Amsterdam-Rotterdam Bank Nederlandsche Middenstandsbank
Sweden	Skandinaviska Enskilda Banken Svenska Handelsbanken
Switzerland	Union Bank of Switzerland Swiss Bank Credit Suisse

Under monopoly capitalism, the banks and industrial capital merged or coalesced. Lenin noted two major ways this transpired:

"At the same time, a personal link-up, so to speak, is establishment between the banks and the biggest industrial and commercial enterprises, the merging of one with another, through the acquisition of shares, through the appointment of bank directors to the Supervisory Boards (or Board of Directors) of industrial and commercial enterprises, and vice-versa."²⁵

As of 1971, U.S. banks controlled at least \$1 trillion, \$577 million in portfolio investments and \$336 million in trust funds. In the case of Japan, the banks have held shares ranging from 5 to a little above 15 per cent of the equity of industrial groups. In exchange for loans, German big bankers have insisted from its borrowers on seats in the boards of directors of industrial firms, and the right to use proxies for new investors.²⁶

The most celebrated case of the monopoly banker owning industrial property was John Pierpont Morgan who held 72 directorships in various large industrial corporations in 1919, including U.S. Steel and General Electric. These more or less correspond to the 72 major corporations in which Morgan Guaranty Bank owns at least 5 per cent of the shares.²⁷ In 1971, American economist Peter Dooley identified 15 financial-industrial groups in the U.S., led by the Morgan-Rockefeller group. This group is supposed to dominate in addition to 6 large banks (Chase Manhattan, First National City Bank, Manufacturers

Hanover Trust, Chemical Bank of New York, Morgan Guaranty Trust, Bankers Trust), three leading airlines (United Airlines, American Airlines, Western Airlines), three major television networks (American Broadcasting Corp., National Broadcasting System, Columbia Broadcasting System), and key mining companies (Kennecott, American Smelting and Refining).²⁸

The Japanese economy has been dominated by a handful of financial industrial group called *zaibatsus*; the operations of which revolve around a single big bank and a core of industrial forms: Mitsubishi, Mitsui, Sumitomo, Fuyo, Dai-ichi Kangyo and Sanwa. The decisions governing the running of the Japanese economy are made in the meetings of the leaders of the *zaibatsus*.²⁹

The Korean economy betrays a similar pattern: three financial-industrial groups called *chaebols* (Hyundai, Daewoo and Lucky) lord it over the country. Manifesting the industrial-financial power characteristic of monopoly capitalism, the giant industrial firms commonly conduct their own credit activities, lending out supplies to customers and purchasing bonds.

The monopoly banks play a special role in the capitalist economies: these have facilitated centralization of capital by promoting mergers in exchange for commissions. J.P. Morgan, gained fame or notoriety as the middleman initiating mergers such as the formation of General Electric, U.S. Steel, General Motors and Standard Oil,

For this, the consolidation of firms became known as "Morganizing" industry.

II. SECOND LEVEL: INEQUALITY OF CREATION AND REALIZATION OF VALUE

So much for now on the background of monopoly capitalism. Allow us to return to our analysis of colonial trade. The first level of inequality in this trade relationship is the unequal exchange between two types of use-values -- one, raw materials and the other, finished goods.

By itself this inequality is not that important. What is of greater significance is that in the case of raw materials, the product was not processed much, whereas the finished product has undergone a high degree of processing. What therefore is more relevant to the colonial relationship has been the inequality of levels of processing.

Where these raw materials are exported, it is plain that these do not go through much processing. Little average socially necessary labor or value is added to manufacture the product. On the other hand, the imported finished product typifies the opposite: it is an object that has undergone much processing and contains a higher level of value.

The inequality in average socially necessary labor, or value, is more or less equivalent to the inequality

in the employment of labor-power.

The reliance on importation rather than local production of finished products automatically deprives a number of laborers in the semi-colonies potential employment.

The extent to which this occurs on a global scale can be estimated through the following method. Studies have shown that roughly 19 per cent of the monopoly capitalist countries' manufactured products are exported to the semi-colonies.³⁰ Alongside this, the manufacturing labor force in the monopoly capitalist countries has been placed at 230 million -- 20 million in the United States, 5 million in Australia and Canada, 10 million in South Korea and Taiwan, 63 million in Japan, and 132 million in Western Europe.³¹

Were the manufacturing of these exports to the semi-colonies to take place in the semi-colonies themselves rather than in the monopoly capitalist countries, then the following number of manufacturing workers can be put to work in the semi-colonies rather than in West Europe, U.S. and Japan (granting

the same level of technology):
230 million workers x 19 per cent
= 43.7 million workers.³²

In addition, the processing into primary finished products in the monopoly capitalist countries rather than the semi-colonies of raw materials found in the latter countries (such as iron ore and manganese into steel, sugar cane into refined sugar, and copra into refined vegetable oil) denies the semi-feudal societies of manufacturing employment for a substantial number of people of working age.

One may calculate the number of persons deprived of potential work using the following formula:

average number of
worker to process amount of raw
a given amount of X material ex-
raw material into ported
a primary finished
product

X 81 per cent (100
minus the 19 per
cent manufacturing
sector exporting
to the semi-colonies)

III. THIRD LEVEL: INEQUALITY OF EXCHANGE OF VALUES

The lopsided nature of the exchange of basically-raw materials for basically-finished products is reinforced by the overpricing and

The two above calculations of people deprived of employment are still based on levels of income of the masses of the people under semi-colonial, semi-feudal conditions. Freed from these restricting social structures, they will be in a position to consume a larger amount of goods and services and provide a wider national market for industrial production.

Another angle from which this form of inequality may be viewed is to assess how much opportunity for processing and industrial activity is lost by having the monopoly-capitalist industries of the West and Japan process the raw material exports of the semi-colonial and semi-feudal societies.

Barbara Ward calculated this loss of wealth in 1974 alone to have been as follows:

In 1974, the developing nations received \$30 billion for the export of their twelve major raw materials (excluding oil) but by the time the goods derived from these materials were sold to the final customers, they cost \$200 billion. The bulk of the difference, \$170 billion, flowed off to the North.³³

underpricing that accompanies this trade. Not only does such a commerce serve to realize -- convert into money -- the capitalist sur-

plus value produced by the proletariat in the Western countries and supply the industries there with enough raw materials. It becomes as well a springboard for the appropriation of additional unpaid labor this time by means of overpricing on one hand and underpricing on the other.

Whenever industrial monopolies sell overpriced goods to Third World nations, they extract unpaid labor from the laborers who buy these products, or they reappropriate or transfer to themselves the unpaid value from the hands of buyers to the exploiting classes.

This monopoly pricing creates a circuit that carries the biggest pile of unpaid labor or value from overpricing to the doorstep of the industrial monopolies of the United States, Japan, Western Europe, Australia, Canada, New Zealand, South Korea and Taiwan.

Critics have often exposed overpricing by capitalist monopolies, using however this frame of reference: overpricing by selling at prices above levels set by non-cartel or "independent" firms.

Studies on this theme have revealed the following instance of monopoly pricing, to mention a few:

The drug monopolies have been selling their "brandname" medicine at rates 50 to 4000 per cent above those generic ones (without brandnames) sold by the small firms. A study by Ibon on the drug industry disclosed that in 1984, a pack

of 100 generic vitamin B pills (Rhea) cost P4.85 while the same amount of those sold by transnational drug companies under "brandnames" ranged from P60.50 (Enervon/United American) to P121.00 (Nergiton/Therapharma). Moreover, a pack of 100 generic multivitamin pills (Rhea) sold at P4.85, whereas other 100-pill "brandname" packs distributed by the drug monopolies cost from P73.50 (Esvimin/Medichem) to P165.00 each (Geriatric/Pharmaton).³⁴

An American senator by the name of Philip Hart, as a result of antitrust investigations once estimated prices of U.S.-produced commodities to be generally 30 per cent than what would have prevailed under normal "free market" conditions. Editors of *Antitrust Law and Economic Review* at one time ventured the estimate that "\$137 to 231 billion of what consumers spend each year may buy no product value. Monopoly pricing in one form or another accounts for the bulk of the consumer loss, particularly price-fixing conspiracies and the economic collusion or non-independence inherent in the high concentration ratios found in certain segment of American manufacturing."³⁵

Instead of relating prices to those set by "independent" companies, we determine whether commodities are overpriced or not by comparing prices with the average socially necessary labor required to produce them, by their value.

In the following calculation, we

aim to arrive at an approximation of the value of certain major commodities produced by monopoly-capitalist industries.

Take the case of refined petroleum products, the mainstay commodities sold by the largest and most profitable monopoly corporations -- the giant oil companies.

1972 data revealed that in that year, the labor force of Mobil Oil was 75,000 worldwide. It produced a total of 119 million tons of refined petroproducts. Of these, roughly 10 million tons did not originate from Mobil's own mines. All in all, it manufactured 109 million tons of refined oil products from its own crude oil "output and supply."³⁷

Based on a six-day week, the total labor performed by the workers of Mobil Oil would amount to roughly

$$75,000 \times 300 \text{ LDs/yr.} = 22.5 \text{ M LDs}$$

To this we may add a factor of 15 per cent to take into account the extra labor intensity resulting from the above-average engineering skills.

$$22.5 \text{ M LDs} \times 1.15 = 25,875 \text{ M LDs}$$

Of the 9.6 million dwt used by Mobil Oil, only 2.9 million of this belongs to the company, while 6.7 million is chartered from "independent" shipping companies.

The operations of such a giant corporation as Mobil includes the

following labor categories:

- the present labor in mining;
- the present labor in refining;
- the past labor corresponding to the mining equipment and facilities as reflected in the present labor in the production and installation of mining equipment and facilities, and exploration;
- the past labor corresponding to the refineries as reflected in the present labor of producing the refining equipment and facilities, fuel and energy; and
- the present labor in operating the tankers owned by Mobil.

On the other hand, the labor force of Mobil is not responsible for the following:

- the present labor in manning the chartered ships
- the past labor corresponding to the tankers as reflected in the present labor for the production of the ships.
- the past labor corresponding to the fuel and energy for mining, refining and shipping.

In calculating the present labor in shipping for the chartered ships, we consider the following data:

The average labor force per tanker is 32 and the average size of the tankers used for oil transport is roughly 225,000 dwt. This would place the labor force for the chartered ships at

$$\frac{32 \text{ workers}}{225,000 \text{ dwt.}} \times 6.7 \text{ M dwt} = 953$$

At 300 labor days (LDs) per year plus 15 per cent for added labor intensity, the total present labor for the chartered ships during the year amounts to

$$= 300 \text{ LDs/yr.} \times 1.15 \times 953 \text{ workers} = 328,685 \text{ LDs}$$

In calculating the average present labor involved in the portion of the value of the ships used up during their operation, we use the following data:

A modern shipyard of 2,000 workers can produce an average of 2 tankers per year. A tanker lasts 15 years on the average.

The amount of present labor per two tankers thus amounts to:

$$= 2,000 \text{ workers} \times 1.15 \text{ (labor intensity factor)} \times 300 \text{ LDs/yr.} \\ = 690,000 \text{ LDs}$$

For each tanker, the present labor comes around to

$$= \frac{690,000 \text{ LDs}}{3 \text{ tankers}} = 345,000 \text{ LDs}$$

Per year of use, the present labor-depreciation is

$$= \frac{345,000 \text{ LDs}}{15 \text{ years}}$$

$$= 23,000 \text{ LDs per year of use of tanker}$$

With the total of 43 tankers of an average of 225,000 dwt each, we arrive at the present-labor depreciation of the tankers used by Mobil:

$$= 23,000 \text{ LDs/tanker/yr.} \times 43 \text{ tankers}$$

$$= 989,000 \text{ LDs/yr. of use}$$

A tanker usually uses up 150,000 kwh of fuel oil per day. Considering that 1 ton of fuel oil corresponds to 11,940 kwh, a tanker consumes 12.56 tons each day.

With 43 tankers of the average 225,000 dwt class used for 300 days per year, Mobil uses up in fuel for shipping annually a total of

$$= 43 \text{ tankers} \times 300 \text{ days/tanker/yr.}$$

$$\times 12.56 \text{ ton/day}$$

$$= 162,024 \text{ m.t./yr.}$$

This comprises a certain percentage of its total output of refined oil products which may be computed as follows:

$$= \frac{162,024 \text{ m.t.}}{109 \text{ m.t.}}$$

$$= .00149$$

We then use this factor to calculate the equivalent of 162,024 m.t. of fuel oil in LDs. The amount of fuel oil corresponds to .00149 of each amount of present labor in each stage of production and for each means of production.

- for the categories of labor enumerated above (a to e)

$$= 25,875 \text{ M LDs} \times .00149$$

$$= 38,554 \text{ LDs}$$

- for the total present labor in maintaining and operating the chartered ships:

$$= 328,685 \text{ LDs} \times .00149$$

$$= 489.7 \text{ LDs}$$

- for the total present labor in building the fleet of tankers used by Mobil

$$= 736,000 \text{ LDs} \times .00149$$

$$= 1096.6 \text{ LDs}$$

The 162,024 m.t. of fuel oil used in transport of oil by tanker therefore amounts to an equivalent of

$$= 38,554 \text{ LDs} + 489.7 \text{ LDs} + 1096.6 \text{ LDs}$$

$$= 40,140.3 \text{ LDs}$$

The additional fuel used up in providing power for the mining and refining of the oil will likely use up no more than 200,000 LDs. In addition, the steel, power equipment, vehicles and rubber used up by Mobil will not likely exceed more than the equivalent of 40,000,000 LDs per year.³⁸

To arrive at the total average labor-equivalent of each refined petroleum product, we add the following amounts:

- a) that corresponding to categories a to e 25,875,000
- b) the present labor in operating the chartered tankers 328,685
- c) the past labor

corresponding to the tankers as reflected in the present labor in the production of the ships 989,000

d) the proportion of the above amounts of labor that corresponds to the fuel use up in shipping 40,140.3

e) the estimated past labor corresponding to the fuel used in generating power for mining and refining 200,000

f) the estimated labor-equivalent of the steel, power equipment, vehicles and rubber used in the production of the refined oil products 50,000,000

$$\underline{77,432,825}$$

We may round off this figure to 80 M LDs to account for the possibility that our estimated labor-equivalent in the last of the above categories undershoots the actual quantity.

On the basis of the above figures, the labor-equivalent for each kilogram of refined oil product would be

$$= \frac{80 \text{ M LDs}}{110 \text{ M tons}}$$

$$= .727 \text{ LD/ton}$$

$$= \frac{.727 \text{ LD/ X P550/LD}}{1 \text{ ton x 1,000 kg./ton}}$$

$$= \text{P0.40535/kg.}$$

Since a kilogram of refined oil product approximates a liter, this amount more or less corresponds to the same value per liter.

A similar process is pursued in the case of Exxon Corp. with its 140,000 employees, its 1972 production of 257 M metric tons of refined oil products, its 19.88 M dwt in ships used, and the 36 per cent of tankers owned by the oil industry out of total ships used. The same in the case of Chevron (formerly Gulf Oil) with its 1972 data of 57,000 employees, production of 97.2 M tons of refined petroleum productions for the year,

its 4.042 M dwt of ships owned and 4.141 M dwt of ships chartered.³⁹ Both cases yielded results approximating 40 centavos per kilo and corresponding more or less to a world average and thus the value of refined petroleum products.

Philippine prices of refined petroleum products range from roughly 3 to 7 pesos per liter and average P5 per liter. The oil cartel thus appropriates from the consumers and average overprice of P4.60 per liter of refined petroleum product sold in the Philippines. Based on this figure and the average of 13 billion liters of refined petroleum products sold each year in the Philippines, the oil barons rake in an overprice profit in the vicinity of P59.8 billion per year.

COLONIAL UNDERPRICING

Through underpricing of raw materials and even finished products, monopoly capitalist based in the U.S. Western Europe, Japan, Canada, Australia, New Zealand, South Korea and Taiwan acquire additional and huge amounts of unpaid labor or value from the chiefly semi-feudal societies of the Third World.

The control of sources of raw materials is especially important for capitalist monopolies since it is in the fields of agriculture and mining where land monopoly prevents the rapid accumulation of capital that arises from the tendency of productive capital to move to fields of

investment where the rate of profit is high. Because the level of investment in equipment, raw materials and fuel compared to wages thus tends to be less in agriculture and mining than the general level obtaining in other industries, the rate in the lowering of value due to improved technology tends to be slower than the general pace. As such, the raw material value component of the entire value of a product tends to grow as a fraction of that entire value. Hence, the frenzied drive to monopolize cheap raw materials in the colonies.

Lenin points this out in the following observation: "In these back-

ward countries profits are usually high for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap."⁴¹

Coconut Raw Material Underpricing: The case of Philippine copra, crude coconut oil and copra cake illustrates this underpricing.

A study on copra production in the Philippines has placed the average labor performed per kilo of copra to be 21.3 labor-days per 956.2 kilos or .02235 labor-day per kilo. Another calculates this average labor to be 13.1 labor-days for every 560 kilos or .0234 labor-day per kilo.⁴²

Based on an estimated P550 equivalent of each labor-day for 1988, the two investigations would arrive of the value of copra of P12 and P12.65 per kilo, respectively. At the moment (1988), prices of copra sold to merchants in the barrios range from P3.50 to P5.50 per kilo.⁴³ In other words, barrio buyers currently underprice copra at the barrio level at a rate of P6 to P9

(given a value of P12.50 per kilo of copra).

In the case of copra purchased by exporters, transporting the copra to the export site adds to the previous amount of value in producing the copra (another amount of value corresponds to the average socially necessary transport labor). We can estimate this to be P.020 per kilo. The copra at the export site thus contains a value of P12.70 per kilo. The export price of copra is currently pegged at \$365 per ton or P7.665 per kilo.⁴⁴ The underprice profits enjoyed by the foreign corporate buyers of copra therefore amount to roughly P5 per kilo.

In the following chart we tabulate for each year the value of money (based on the current price of gold, the peso-dollar exchange rate and the average socially necessary labor in gold production), the value of copra, the farmgate and export prices of copra, and the underprice at the farmgate and export levels.

Average Wholesale Prices Commercial Crops
(Bureau of Agriculture Statistics)

Year	Mascado Sugar (/picul)	Coconut Matured (/100 pcs.)	Copra Corriente (/kilo)	Copra Resecada (/kilo)
1971	49.30	19.78		
1972	51.68	18.61		
1973	55.56	27.24	P 1.2248	P 1.5117
1974	75.93	61.56	n.a.	2.5208
1975	81.17	44.73	.9966	n.a.
1976	82.37	35.72	.7651	1.1427
1977	78.64	42.40	1.4926	1.7376
1978	81.14	49.20	1.7995	2.1397
1979	—	68.96	2.5635	3.1334
1980	111.05	53.37	1.2513	1.5892
1981	182.75	48.17	1.2137	1.5195
1982	—	46.82	1.1131	1.4103
1983	—	66.37	2.2987	2.7555
1984	—	189.31	6.3008	7.8334
1985	—	140.46	3.0307	3.7066
1986	—	—	1.7931	2.242
1987	—	—	4.45	5.06
1988	—	—	Jan. 1988-June '88 5.76 — 5.60	Jan. 1988-June '88 6.30 — 6.03

* Based on assumptions for simplifications sake that the average socially necessary labor is constant, approximating constantly normal conditions. In actuality, seasonal average socially necessary labor may vary in conformity with changes especially in climatic conditions. Typhoons in particular raise the value of coconut products for a certain season since the same amount of average labor is socially necessary to harvest and process a smaller number of ripened nuts.

However, local merchants and the foreign monopolies export raw coconut materials not solely in the form of copra, but as crude coconut oil, coconut meal and dessicated coconut as well.

Let us take crude coco oil and copra cake (coconut meal) together since these are products of one and the same process. Processed, a kilo of copra results ordinarily into .60 kg. of crude coco oil and .35 kg. of copra cake.⁴⁵

The following elements comprise the labor involved in the production of these two commodities:

- the present labor in crude coco oil and coco meal production.
- the past labor in crude coco oil and coco meal production as reflected in the present labor performed in the production of the fuel and milling equipment consumed.

With respect to the first item, we may make use of the following facts: 8,800 workers operate the coco mills, processing roughly 1.9 million metric tons or 1.9 billion kgs. per year.⁴⁶

On the basis of a 48-hour work week, we come up with total present labor for coco oil and copra cake production per year:

$$8,800 \text{ workers} \times 300 \text{ LDs/yr.} = 2,904 \text{ million LDs/yr.}$$

Thus, we may calculate the present labor performed in the processing of one kg. of copra, as such:

$$\frac{2.9 \text{ M LDs/yr.}}{1.9 \text{ B kg.}} = .0015 \text{ LD/kg.}$$

In terms of money, this is equivalent to .0015 LD x P550/LD or P0.825/kg.

With respect to the second item, the diesel oil used up during coconut milling amounts to 79 liters per metric ton, or roughly 79 kgs. per m.t.⁴⁷

Given our calculated value of roughly 40 centavos per liter or kg. of refined petroleum product, the value corresponding to the fuel used up for each kilo of crude coco oil would amount to

$$= \frac{P0.40/\text{kg.}}{1,000 \text{ kg./m.t.}} \times \frac{.60}{.60 + 3.5}$$

= P.00024/kg. of coco oil produced

This is a minimal figure, and herefore the value of coco oil or coco meal would amount in effect to

$$= P12.70 + P0.825 = P13.525/\text{kg.}$$

Copra cake is currently exported at the price of \$.1146 or P2.41 per kilo, f.o.b., whereas its actual value amount to P13.525 per kg. The export underprice profits gained by the foreign buyers comes around to at least roughly P11 per kg. Based on the average recent export volume of P500 million kg. per year the entire underprice pocketed by monopoly capitalist corporate buyers abroad would amount this year to

$$P11/\text{kg.} \times 500 \text{ M kg.} = P.5 \text{ billion}$$

Crude coco oil, on the other hand, is sold at the export price of \$550 per mt.t., c.i.f., or P11.55 per kg.⁴⁸ However, it contains a value of P13.525 per kg. The resulting underprice profits of the foreign buyers of crude coco oil therefore amount to roughly P2 per kg. Considering that the current volume of crude oil exports reaches a total of roughly 1 billion kg. per year, the export underprofits in crude coco oil come around to roughly P2 billion a year.

Raw Sugar Underpricing: Raw sugar is another raw-material export item subject to underpricing by the capitalist monopolies.⁴⁹

We shall calculate the value of raw sugar as follows. A study on sugarcane farming indicated the following stages and present labor involved per hectare:

a) field preparation (including burning of the field to clear it of trash, plowing and harrowing)	14 LD
b) preparation of sugar cane cuttings from tops of freshly harvested sugarcane and treatment with fungicides	7 LD
c) planting of cane points at an average of two or three <i>laksas</i> (bundles of 10,000 cane points per hectare)	7 LD
d) weeding (done 2 to 4 times, each requiring 2 LDs/ha.)	6 LD
e) application of fertilizer	3 LD
f) harvesting (cutting and hauling)	84 LD
TOTAL	118 LD

The average Philippine sugarcane farming produces 80 piculs per hectare. However, considering the higher productivity obtaining in Hawaiian and sugarcane plantations, the international average would be roughly 100 piculs per hectate.

At this point, one may figure out the average present labor involved in sugarcane production per kilo of raw sugar:

$$= \frac{188 \text{ LD}}{100 \text{ piculs (at 63.25 kg./picul)}}$$

$$= \frac{118 \text{ LD}}{6,325 \text{ kg.}}$$

$$= .0186 \text{ LD}$$

However, this refers only to sugarcane production. The value added in sugar milling may be calculated as follows:

Philippine sugar mills employ roughly 35,000 workers. They work approximately 70 per cent of the year in the mills, or 8-1/2 months from September to May (at 25 days/month).⁵¹

In addition, they process sugarcane into raw sugar, totalling more or less 2.5 million metric tons per year since the 1970s.⁵²

Each mill worker therefore performs a total amount per year of

$$= 8\frac{1}{2} \text{ mos.} \times 25 \text{ days/mo.}$$

$$= 212.5 \text{ LDs/yr.}$$

To arrive at the total present labor performed each year by the entire sugar mill labor force, we compute as follows:

$$212.5 \text{ LDs/yr.} \times 35,000 = 7.4375 \text{ M LDs/yr.}$$

The present labor involved in mill production is therefore

$$= \frac{7.4375 \text{ M LDs/yr.}}{2.5 \text{ M m.t./yr.}}$$

$$= \frac{7.4375 \text{ M LDs/yr.}}{2.5 \text{ M m.t./yr.} \times 1,000 \text{ kg./m.t.}}$$

$$= \frac{7.4375 \text{ M LDs/yr.}}{2.5 \text{ B kg./yr.}}$$

$$= .002972 \text{ LD/kg.}$$

Based on earlier studies, it can be deduced that the value-depreciation obtaining in both sugarcane farming and milling operations will be insignificantly small compared to the total value involved.

To this we may add the value of the fertilizer used up in sugarcane farming. If we estimate the value of the average refined petroleum product to be 30 centavo per kilo, and sugar farming to utilize 600 kgs. of fertilizer per hectare, the value of fertilizer used in each hectare would amount to

$$= P0.40/\text{kg.} \times 600 \text{ kgs./ha.}$$

$$= P240/\text{ha.}$$

If the average yield is 100 piculs per hectare, the value of fertilizer contained in each kg. is

$$= \frac{P240/\text{ha.}}{100 \text{ piculs} \times 63.25 \text{ kg./picul}}$$

$$= \frac{P240/\text{hectare}}{5.325 \text{ kg./ha.}}$$

$$= P0.0397/\text{kg.}$$

Even an upward adjustment of this estimate five-fold would not go far beyond the value-equivalent of the present farming and milling labor of P11.87/kg. of raw sugar. On this basis, we can deduce that the value of raw sugar would be in the vicinity of P12/kg.

However, the local merchants and foreign monopolies export raw sugar at the rate of \$202/m.t. or P 3.87/kg.⁵³ The monopoly buyers of raw sugar exported from such countries as the Philippines enjoy underprice profits therefore of at least

$$= P11.87 - P3.87/\text{kg.} = P8.00/\text{kg.}$$

Based on an average export level during recent years of 1 million m.t. or 1 billion kg. of raw sugar yearly, the capitalist monopoly raw sugar buyers extract at least P8 billion in underprice profits per annum⁵⁴. In addition, they grab the lion's share of the unpaid surplus value derived from sugar farming and milling.

A similar underpricing generally pervades the export of all other raw materials from semi-feudal societies to capitalist countries. The under-

pricing occurs through a chain of monopoly exercised by traders or buying agents at the farm level up to big corporate buyers in the West and Japan. At the end of this chain, the giant capitalist corporations in the U.S., Western Europe, Japan and other capitalist societies wield industrial or manufacturing monopolies, or the monopolies of processing these raw materials into finished products.

The financial-industrial monopolies have carried out monopoly pricing through international cartels whereby they connive in sharing markets and sources of raw materials while fixing prices. This has extended to a global scale the operation of nationwide cartels.

Lenin described the rise of the international cartel as one of five major characteristics of monopoly capitalism:

"As the export of capital increased, and as the foreign and colonial connections and 'spheres of influence' of the big monopolist associations expanded in all ways, things 'naturally' gravitated towards an international agreement among these associations and towards the formation of international cartels."⁵⁵

Monopoly capitalists of different nationalities or home-countries have entered into price-fixing deals with one another -- as with American-based Exxon and the British-Dutch-based Shell, German-based Siemens and Japan-based Hitachi Swiss-based Nestle and US-based General Foods. In that manner, worldwide competition societies facilitated unequal exchange with the Third World.

Among the most notorious price agreements yet forged has been that among the heads of Standard Oil (renamed Exxon) of New Jersey, Shell, British Petroleum and Gulf Oil (now called Chevron) in a meeting in a Scottish castle in 1928 -- a secret pact fully revealed only in 1952. The concord set world oil prices based on the artificially high Gulf of Mexico rates and on the "phantom freight" policy (in all markets, it was to be imagined that the oil came from the Gulf of Mexico, and that appropriate freight rates would thus be charged).⁵⁶

The monopoly pricing of petroleum reached a new height when the oil companies took advantage of an oil embargo by the Arab countries protesting Israeli involvement in the October War with Egypt. Keeping their oil supplies in their tankers and creating an artificial shortage as a pretext, the oil companies jacked up prices. Their declared profits for the year rose by 90 per cent and Exxon gained an unprecedented \$2.5 billion in declared super profits.⁵⁷

In the past, capitalist monopolies have maintained certain worldwide cartels in a manner more formal

and open than that displayed by the oil companies. These include that supervised by the International Electric Association (IEA), which embraced the major electric equipment manufacturing corporations throughout the world. In the mid-1970s, congressional antitrust investigation in the U.S. forced the IEA members to dissolve the group and maintain the cartel in a more casual and less conspicuous manner.

A United Nations study described the objectives of IEA: "the agreement specified binding provisions on the members concerning allocation of export markets, pricing and other sales conditions of equipment."⁵⁸ The same study discloses a form of discrimination whereby the semi-feudal societies are subject to a higher level of overpricing than that perpetrated on other monopoly capitalist nations -- a pattern observed in the drug and other industries:

Based on the calculations from 133 contracts which were entered into in the period 1965-67 from the sale of transformers, the U.S. study [prepared for the U.S. Committee on Interstate and Foreign Commerce] shows that on the average, developed countries paid 99.6 per cent of the Reference Price, while developing countries paid 129.5 per cent.⁵⁹

Another field of collaboration has been in the sourcing of raw materials.

In the oil industry, American and European-dominated corporations have colluded in this regard through joint ventures allotting shares per corporation of the oil obtained from each country, as shown

in the following table on arrangements obtaining in 1972:⁶⁰

International cartelization of marketing has often appeared in the form of joint ventures among monopoly corporations of different home-country bases. A leading example was the partnership of British Petroleum, Shell and Exxon in a company that distributed petroleum products in England up to the mid-1970s.

Another form of global cartelized marketing has been the unwritten policy of maintaining "Spheres of influence" for each monopoly-capitalist country. U.S. corporations, for instance, has generally dominated Latin American economies, the Pacific islands (including the Philippines), the Arabian peninsula, Iran and Egypt (since World War II), and even to a large extent capitalist Canada.

	Iraq Petro- leum Co.	Abu Dhabi Marine Areas	A.D. Petro. Co.	Aramco Co.	Iranian Consort.	Kuwait Oil. Co.
Exxon	11.875		11.8	11.875		
Shell	23.75			23.75		
BP	23.75	66.66			40	50
Texaco				30	7	
Gulf Oil					7	50
Socal				30	7	
Mobil Oil	11.875			10	7	
CFP	23.75	33.33	23.75		6	
"Indep."	5		5		5	

(Note that Aramco has since been wholly owned at least formally by the Saudi Arabian government. However, the oil companies continue to exercise a degree of control and domination over the company through technical agreements, monopoly of markets and other factors.)

Japanese corporations which during World War II marked out East Asia as its "sphere" has began to dominate parts of Southeast Asia including Indonesia and Brunei and are making serious inroads into parts of Africa. European monopoly companies have generally dominated the majority of the semi-feudal African economies, Pakistan and Burma.

The United Nations Economic Commission for Latin America led by Raul Prebisch first noted the trend of prices of the finished goods from the West rising faster than those of Third World raw-material exports -- a phenomenon termed "declining terms of trade."⁶¹ Based on this line of investigation, other institutions and authors came out with findings that for instance, "In 1954, a jeep could be purchased with the value of 14 bags of coffee; by 1962, it required thirty-nine."⁶² The Cuban leader Fidel Castro has also divulged the fact that while in 1959, it took 24 tons of sugar to purchase one 60 horsepower tractor, the same tractor could be bought for 115 tons of sugar in 1982.⁶³ And yet another set of facts: a ton of sugar that in 1960 could buy 6.3 tons of oil could buy only 0.7 ton by 1982, and a ton of bananas that was priced as the equivalent

of 13 tons of oil in 1960 was reduced to merely 1.6 tons in 1982.⁶⁴

As can be gleaned from our previous discussion on the underpricing of sugar and the overpricing of oil, the cheapening of Third World exports vis-a-vis the manufactured goods of the West indicate the intensified underpricing of the former and the intensified overpricing of the latter.

Two policies of the monopoly capitalist establishment have facilitated this trend. One, the industrial monopolies have prodded the agrarian nations to engage in stepped-up raw material production and export, leading to a severe glut in the world supply to these raw materials. The U.S. government in particular has been building up its stockpile of tin and other metal supplies as a measure to bring down world metal prices.

Two, the monopoly capitalist countries have themselves been busy expanding their domestic production of raw material substitutes to further guarantee that world raw-material exports remain depressed. Among these products are high fructose corn syrup and beet sugar in place of cane sugar, and soybean oil in place of crude coconut and palm oil.⁶⁵

IV. FOURTH LEVEL: INEQUALITY IN THE FLOW OF MONEY

Another of five major characteristics Lenin attributed to monopoly capitalism was the prominence of export of capital, as differentiated from the export of commodities. The capital described by Lenin takes two basic forms: direct investment or productive capital, and finance or money-lending capital.

By productive capital we normally mean capitalist production. The direct investments Western and Japanese monopoly corporations have made in the Philippines as well as in most other semi-feudal societies in the Third World fall under the following general categories:

1. the processing of primary products into still basically raw materials for export at underpriced rates, especially to the monopoly capitalist countries. In the Philippines, this line of investment is represented by mills processing copra into crude coco oil and copra meal, coconut meat into dessicated coconut, sugarcane into raw sugar, copper and gold ore into copper and gold concentrates, logs into lumber, fresh tuna and shrimp into frozen tuna and shrimp.
2. the processing of the leading traditionally exported raw materials into finished products for domestic sale either at more or less, or above their actual values. The Philippine factories manufacturing soap detergent, refined coconut oil from cononut raw material, refined sugar from raw sugar, cordage from raw abaca, banana catsup from bananas, paper from timber all belong to this category of foreign direct investment has been aimed at retaining and strengthening control over the sources of raw materials, while preempting and forestalling comprehensive national processing of these by a local entrepreneurial or enterprise-capitalist class.
3. the assembly, mixture, final-processing and repacking of finished products out of basically finished product components and substances imported at overpriced rates. These products are in turn sold locally at an overprice. In the Philippines, the following industries fit into this category:
 - a. assembly of appliances out of motors, compressors, copper tubings, etc.

- b. assembly of autos and motor-cycle out of imported engines, transmissions, knockedown parts, etc.
 - c. rolled steel, steel pipes and steel billings
 - d. batteries out of imported chemicals
 - e. telecommunication-services through imported telecommunications equipments
 - f. animal feeds from imported soybean meal
 - g. softdrinks from imported syrup concentrate
 - h. drugs from imported formulations
 - i. pesticides from imported formulations
 - j. cigarettes from imported tobacco fillers and binders
 - k. canned and processed meat from imported frozen beef
 - l. garments from imported cloth, buttons.
 - m. photo developing and printing services using imported film and equipment
 - n. filled milk from imported milk solids, milkfat.
4. the processing of raw materials imported from other Third World countries or from the monopoly-capitalist economies at overprice rates, the processed products of which are in turn sold domestically at an over-price.
- a. the refining of crude oil imported from the Middle East
 - b. manufacture of textile from imported cotton, synthetic fibers
 - c. the manufacture of flour from imported wheat
 - d. the manufacture of feeds from imported corn grains.
5. the final-processing of already basically finished-product materials and components imported at overpriced rates for export
- a. the assembly and encapsulation (packaging) of semi-conductors from imported wafers, lead frames, gold wire, plastics and ceramics
 - b. factory manufacture of garments (outerwear, underwear and accessories) from imported cotton and synthetic yarn.

As mentioned previously, the export by the U.S. monopolies of surplus agricultural products has been meant to maintain exorbitantly high price of levels of U.S. farm products in the U.S. even when continually rising farm productivity is bringing the real value of these goods to all-time lows. By setting up flour, textile and feed mills in the Third World, foreign corporations are able to circumvent any temporary tariff and quota barriers and create as well a semblance of comprehensive and genuine foreign-led industrialization. In the process, of selling their goods at an overprice, these are able to reap substantial superprofits.

The transfer to Asia, especially Taiwan, Korea, Singapore and Hong-kong, of certain labor operations as the cutting and sewing of garment and the assembly of semi-conductors has stemmed largely from the alarm of U.S. magnates in the garment and electronic industries over the flooding of the U.S. market by lower-priced Japanese-made textiles and electronic chips. Due, however, to the trend of rising wages in "Four Dragons of Asia" brought about by amounting shortage in manpower to cope with rapid industrialization, as well as unionism, the Philippines became an attractive alternative for the U.S. monopoly garment and electronic firms investing elsewhere in Asia. These monopoly investors have been able to exploit the cheap labor-power of Filipino workers and take advantage of the policy of suppression of strikes by a Philippine client — state subservient to foreign capital.

In these five categories, let us examine the extent of industrial profits or capitalist surplus-value alongside the other kinds of profit the foreign investors receive.

The processing of copra into crude coco oil and copra cake is one leading example of the first category of foreign industrial investments in the Philippines.

A total of 8,800 workers operate the coco mills. Based on a 6-day work week, the quantity of labor each worker performs per year amounts to roughly 300 labor-days.

Multiplying this with the labor force of 8,800, we get the total coco-mill labor they perform during the year:

$$8,800 \text{ workers} \times 300 \text{ LDS} = 2.64 \text{ million LDS}$$

In terms of money, this amounts to

$$P550/\text{LD} \times 2.64 \text{ M LDS} = P1.452 \text{ billion}$$

This represent the fresh or the new value they create per year. If we remove from this the wages gathered to average 60 pesos a day, we arrive at the following figure:

$$\begin{aligned}
 &= \text{P1.452 B} - (\text{P60/day} \times 300 \text{ days/yr.} \times 8,800 \text{ workers}) \\
 &= \text{P1.4526 B} - \text{P158.4 M} \\
 &= \text{P1.2936 B}
 \end{aligned}$$

Let us now compare this capitalist surplus value with the other type of profits specifically the underprice profits gained from buying the copra from the peasants. Previously, we calculated that at the coco mill owners who buy copra for processing underprice this at an average of 7 pesos per kilo. At a total of 1.9 billion kgs. per year, the total underprice they gain during the year comes to P13.3 billion. The capitalist surplus value of P1.2936 B falls far short of the P13.3 billion in underprofits garnered by the coconut millers per year.

Here we find that unequal exchange or merchant capital dominates industrial capital (including that exported by foreign investors to the coconut processing industry).

In the case of the sugar processing, the underprice profits gained by the Western monopoly buyers of sugar, as well as the profits of sugar millers (including foreign stockholders) are made up on one hand of the capitalist surplus value derived from the mill workers and on the other, of the profits amassed from the hacienda laborers.

Philippine sugar mill workers total 35,000 and work each for 8½ months a year, thus performing a total of

$$\begin{aligned}
 &= 35,000 \text{ workers} \times 8\frac{1}{2} \text{ month/yr.} \times 30 \text{ days/month} \\
 &= 8.925 \text{ LDs/yr.}
 \end{aligned}$$

In money terms, this is equivalent to

$$\begin{aligned}
 &= \text{P550/LD} \times 8.925 \text{ M LDs} \\
 &= \text{P4.90875 B}
 \end{aligned}$$

At an average of P60 in wages paid per day, the total wages paid to mill workers for the year amount amounts to

$$\begin{aligned}
 &= \text{P60/day} \times 255 \text{ days/yr.} \times 35,000 \text{ workers} \\
 &= \text{P535.5 M}
 \end{aligned}$$

If we deduct this amount of total wages from the new value of P4.0906 B mill workers create, we get

$$\begin{aligned}
 &= \text{P4.90875 B} - \text{P535.5 M} \\
 &= \text{P4.37325 B}
 \end{aligned}$$

This is the capitalist surplus value produced by the Philippine sugar mill workers per year.

Since the average production of raw sugar has been roughly 2.5 billion kilos per year, we can calculate the capitalist surplus extracted from them per kilo of raw sugar to be

$$\begin{aligned}
 &= \frac{\text{P4.37325}}{2.5 \text{ B kg.}} \\
 &= \text{P1.7493/kg.}
 \end{aligned}$$

What about the profit per kg. of raw sugar extracted from the hacienda laborers? Given an average production of 100 piculs (63.25 kilos each) per hectare and an average 118 LDs performed per hectare, we may calculate the newly created value of the farm laborers per hectare to be

$$\begin{aligned}
 &= 118 \text{ LDs} \times \text{P550/LD} \\
 &= \text{P64,900}
 \end{aligned}$$

And yet, on the average, the hacienda laborers receive P20 per day of work, or for each hectare,

$$\begin{aligned}
 &= 118 \text{ LDs} \times \text{P20/day} \\
 &= \text{P2,360}
 \end{aligned}$$

The profits they therefore give up to the hacenderos and millers amount to an average per hectare of

$$\begin{aligned}
 &= \text{P64,900} - \text{P2,360} \\
 &= \text{P62,540}
 \end{aligned}$$

The profit they render per kilo of raw sugar they produce thus comes to

$$= \frac{P62,540}{100 \text{ piculs} \times 63.25 \text{ kg/picul}}$$

$$= \frac{P62,540/\text{ha.}}{6,325 \text{ kg./ha.}}$$

$$= P9.888/\text{kg.}$$

The capitalist surplus value of P1.7493/kg. of raw sugar derived from the mill worker is dwarfed by the profit of P9.888/kg. derived from the hacienda laborer. It is this proportion that composes the profits gained both by the foreign buyer of raw sugar or the foreign stockholder in the local sugar central. Let us reserve our discussion on the nature of the profits taken from the hacienda laborer to the next section.

The processing of crude coco oil into refined oil and raw sugar into refined sugar for local sale and consumption typify the foreign investments in the second category.

Take the case of crude coco oil refined through a bleaching filtering and deodorizing process. The main raw materials used here are caustic soda and fuller's earth, while the main ancillary is electricity.

Deducing from our data, we do not expect any substantial amount of value added to the crude coco oil in terms of raw materials and ancillaries, since relatively small amounts of these are used in production.

Let us look into the example of a typical vegetable oil refinery, Pacific Oil Products found in Davao City. Its 120 workers, produced as of 1986 refined coconut oil priced at a total of P122.2 million, or at P18/kilo, roughly 6.8 million kgs.⁶⁵

With a 300-day work year, the workers performed during the year

$$= 120 \text{ workers} \times 300 \text{ days/yr.}$$

$$= 36,000 \text{ LDs}$$

The present labor per kilo of refined coconut oil can be computed as

$$= \frac{36,000 \text{ LDs} \times P550/\text{LD}}{6.8 \text{ M kgs.}}$$

$$= \frac{P19.8 \text{ M}}{6.8 \text{ M kgs.}}$$

$$= P2.91/\text{kg.}$$

With a minimal value corresponding to the raw materials and fuel, we can safely estimate the added value in refining crude coconut oil to be roughly P3 per kilo.

Adding this to the value of crude coconut oil, we get

$$= P13.525 + P3$$

$$= P16.525/\text{kg.}$$

Both the largely foreign-owned and locally-owned companies such as San Pablo Manufacturing Co., San Miguel Corporation and Pacific Oil Products sell their refined oil to consumers at roughly P23 a kilo.

Given a value of P16.525 per kilo of refined oil, the refining companies gain an over-price of P6.475 per kilo of cooking oil. This adds to the underprice profit of roughly P8 per kilo of copra to arrive at a total of

$$= P6.475 + P8$$

$$= P14.475$$

In the case of the refineries, their workers produce the new value of P19.8 million in a year, and yet are paid a total of (given a wage of P60 per day)

$$= P60/\text{day} \times 300/\text{days/yr.}$$

$$\times 120 \text{ workers}$$

$$= P2.16 \text{ M}$$

This amounts for each kilo of cooking oil

$$= \frac{P2.16 \text{ M}}{5 \text{ M kg.}}$$

$$= P0.432/\text{kg.}$$

The refinery workers thus give up to the owners of these establishments capitalist surplus value amounting for each kilo of cooking oil to

$$= P3 - P0.432$$

$$= P2.568/\text{kg. of cooking oil}$$

Let us now turn to the capitalist surplus value derived from the mill workers for each kilo of crude oil. Since they create for the year a capitalist surplus value of P1.2836 B with their production of 1.9 billion

kilos of crude oil, they give up to the mill owners a capitalist surplus value amounting to

$$= \frac{P1.2836 \text{ B}}{1.9 \text{ B kgs.}} \times (1.09 \text{ kg. of crude coco oil/kg. of cooking oil}^*)$$

$$= P0.676/\text{kg.} \times 1.09 \text{ kg.}$$

$$= P0.737/\text{kg. of cooking oil}$$

Adding this to the capitalist surplus value extracted from the refinery workers, we get the total capitalist surplus value amassed from both mill and refinery workers for each kilo of cooking oil:

$$= P2.568/\text{kg.} + P.737/\text{kg. of cooking oil}$$

$$= P3.305/\text{kg. of cooking oil}$$

Though substantial enough, this figure still pales beside the P14.475 overprice and underprice profit per kilo of cooking oil.

Let us turn our attention to the fourth category of foreign industrial investments -- the import of highly-priced basically raw materials for the processing into finished goods to be sold locally at overpriced rates. The refining of overpriced crude oil imports is representative of this type of capital.

In the Philippines, 1,500 refinery and refined-petroleum transport workers produce a new value (based on a 300-day work year and a labor intensify factor of 15 per cent) of ⁶⁷

= 1,500 workers x 1.15 x 300 days/yr. x P550/LD

= P284.625 M

In turn, they receive wages relatively higher than the usual total-ling P77.625 M.

Therefore, the oil monopoly corporations extract from them capitalist surplus value during the year amounting to

= P284.625 M - P77.625 M

= P207 M

Though sizeable enough, this capitalist surplus value appears like a molehill beside the mountain that is the estimated P50 billion annual

*Based on data from J.G. Thiemie, *Coconut Oil Processing*, Food and Agricultural Organization of the United Nations, Rome, 1968.

overprice profit of the oil companies in the Philippines.

The other industries in this category, including flour milling, textile milling, modernized production of pork, chicken and eggs and feed milling also exhibit this same trend of relying largely on over-priced profit rather than capitalist surplus value. Two factors are behind this: first, these try to pass on the over-price of the imports to the consumers, adjusting their retail prices accordingly; second, these operate as a cartel and find it easy to manipulate prices upwards.

The fifth category comprises the

so-called "export-industrialization" industries that the foreign monopoly bankers and the top Philippine government officials have hailed as the harbingers of Philippine industrialization. These are specifically the garments and the semiconductor industries.

The World Bank in its 1979 Mission Report singled out the garments industry as "the most dynamic industry in the Philippines" which "provides a striking example of what can be achieved by a combination of entrepreneurial talent and supportive government policy taking advantage of the Philippines' low labor cost and high quality. The former administrator of the Bataan Export Processing Zone once remark that "garments have been the cornerstone of the remarkable growth in non-traditional exports witnessed through the 1970s." ⁶⁹

A detailed study of the Philippines garment industry however reveals that of a total of 20,555 garment firms reported in 1982 19,813 or 99 per cent were cottage-industry sized firms.⁷⁰ The same study describes what is termed "the prevalent practice of subcontracting in the industry."

"The production was done partly in the factory but the bulk was subcontracted to cottage-type producers in the rural areas... Subcontracting in garments is a multi-level arrangement which usually involves the foreign contractors at the top, followed by the Filipino subcontractors (who may or may not own garment factories), the community agents (who are also subcontractors), the work leader and at the base of the pyramid,

the domestic outworkers (i.e., household-based workers doing some of the job requirements like sewing or embroidery in their individual homes and getting paid on a piece-rate basis)." ⁷¹

A. WESTERN MONOPOLY OWNERSHIP AND CONTROL

Five outstanding points characterize foreign industrial investments in this country. First, these investments are not principally industrial investments, but merchant investments directed mainly at reaping overprice profits from consumers and underprice profits from the direct producers or actual laborers.

Second, since much of the profits are in fact derived from merchant operations, foreign investors direct their control at maintaining cartels and the corresponding underprices and overprices. Both the national cartels in the home capitalist countries and the international cartels have their counterparts in the Third World. These operate formally through trade associations, chambers of commerce as well as informally through luncheon meetings.

Third, the foreign investors have sought to, maintain a monopoly over their industrial technology.

In importing plants, equipment and materials, they usually do not

in the overall garment industry, the capitalist surplus value amassed from the garment factory workers is far surpassed by the profits obtained from the garment homeworkers. We shall discuss this matter further in the succeeding section.

train Third World managers, engineers, and rank-and-file workers beyond operating these inputs. At the same time, they make it a point to conceal from the Third World how they produce these means of production. When they decided to disperse to the Third World technological knowhow, this information is limited to production of certain parts and processes not central to the entire product, while keeping undisclosed those concerning the most strategic processes and the most vital components of the technology.

In effect, the transfer of technology to Third World nations is neither comprehensive nor decisive.

Holding on to their monopoly of technology foreign investors in the Third World are able to retain monopoly of markets and sources of raw materials, and reinforce their cartels.

Fourth, the foreign investors ordinarily take in local partners and cultivate the collaboration of

Third World states and public officials to facilitate their operations in the semi-feudal societies.

These local partners assist the foreign investors in various ways:

- 1) They serve as sources of information for business decisions and brokers for the necessary "business connections" in making deals.
- 2) They serve as a transmission of "influence" belt to the presidential palace, the halls of congress or parliament, the national and local government offices, and the headquarters of the army, constabulary and police.
- 3) They serve as channels by which Third World savings are mopped up through the local banks especially when the local junior partners are part-owners or director of domestic banks, or have banker cronies.
- 4) They conveniently serve as spokespersons, running to the defense of the corporation and foreign investor.
- 5) They serve as human facades that project a local, Third World image of the corporation and aim to deflect nationalist criticism against it.

The Third World semi-feudal state and its officials supports the foreign investors in different ways:

- 1 It complements the local private partners in providing information and brokerage services

for foreign investors.

- 2) It cloaks the foreign investor's operations with a mantle of legitimacy through laws, executive orders and court decisions, while it serves as the main enforcer and guardian of the foreign investor's right to reap superprofits in the Third World.
- 3) It serves as a source of funds through loans from government banks or equity with government corporations in various projects.
- 4) It serves as the press relations officer drumming up support for foreign investment, especially through presidential speeches both local and abroad, technocratic reports on the contribution of foreign investments to the Third World economy, and the like.
- 5) It serves as a veneer that covers up the domination of Third World societies by foreign monopoly capital and creates an impression of national independence.

Fifth, the capitalist monopolies do not overwhelmingly repatriate or remit their profits in the form of dividends (payments to stockholders) but to a large extent through other forms of transfer, including (a) overprice of imports, services, and use of technology, (b) underprice of exports or "domestic value-added" component. Through these mechanisms, they bring out more money and potential productive capital than they bring into

the Third World. They cause a net outflow or hemorrhaging of value or money out of Third World economies, a process otherwise called "decapitalization."

The transmittal of profits through pricing is responsible for the fact that foreign investors do not need to own majority of shares in Third World corporations to

be able to grab and siphon off to their home countries the lion's share of the profits generated in the semi-feudal societies.

Let us take a look into how these characteristics are manifested in each category and line of industrial investment.

1. First Category: Local Raw Material Processing for Export

Coconut Milling

Foreign monopoly investors own shares of stock in the following coconut mills: ⁷²

Procter & Gamble (PMC)	— American, 99.9%
Philippine Refining Co.	— Unilever, U.K. - 99.99%
Sun Ripe Coconut Products, Inc.	— Taiwanese: 26.67%
Imperial Vegetable	— Taiwanese: 3.82%
San Pablo Mfg. Co.	— American: Pacific Vegetable Oil Corp.
Granexport Mfg. Corp.	— American: Cargill

They also own the majority shares of the largest dessicated coconut factories: ⁷³

Peter Paul Phil. Corp.	— American (Peter Paul, Inc.): 38%
Franklin Baker Co. of the Phil.	— American (General Foods, Corp.): 99.99%
Blue Bar Coconut Products, Inc.	— American (Rose Industries, William Epes): 20%
Interco Mfg. Co.	— Taiwanese: %
Southern Island Oil Mills	— Japanese (Fuji Oil, C. Itoh): 35%
Iligan Coconut Industries	— British-Hongkong (Jardine Davies): 30 per cent Japanese (Nichimen): 10 per cent

As stated earlier, the foreign and local coconut mill stockholders gain roughly 8.2 per cent (P 1.2936B out of a total P 15.7756 B) from capitalist exploitation of the mill workers and P 13.3 B from underpricing coconut peasants.

The coconut millers are said to maintain a cartel through their Coconut Millers Association, where they decide on buying prices for copra.

The dessicated coconut factory-owners have their own association called the Association of Philippine Coconut Dessicators (APCP). Through this organization, they set the buying prices for the mature coconuts to be processed into dessicated coconut meat.

The technology of producing coconut mills remains in the hands of the giant capitalist corporations in the U.S., Japan and Western Europe, such as Cargill, Fuji Oil.

The junior local partners of the foreign investors in the coconut milling and dessicating industry are some of the long-standing and influential big semi-feudal lord families in the Philippines.⁷⁴

Soriano — Southern Island Oil Mills (Japanese, 35%)
Aboitiz — Southern Island Oil Mills (Japanese, 35%)
Lu Do — Iligan Industries (British, 30%; Japanese, 10%)
Tuason — Peter Paul, Phil. Corp. (American, 38%) Blue Bar (American, 26%)

The Philippine state has readily

supported the cartel practices through various rules and regulations and legislation. During the latter part of the Marcos administration, leading state officials allied with "coconut king" Eduardo Cojuangco encountered friction with the foreign investors and U.S. state officials over moves to buy foreign stockholders out of the industry and to raise coconut oil export prices. The stable position of the foreign investors in the coconut milling and exporting industry has since 1986 been restored to normal.

The hand of the Philippines state in the coconut industry can be seen in the breaking of the strikes and murder of several strikers in the Franklin Baker plant in Davao del Sur and the Red V plant in Sariaya, Quezon in the early 1980s.

Yet, another large source, even larger than profit remittances, of transfer of wealth is underpricing by big coconut oil buying companies such as Cargill, Mitsui, Continental, of the crude coconut oil exported from the Philippines. Previously, we estimated the yearly underprice of copra, coconut meal and crude coco oil to be P 3.8 B (based on a 500 million kilos exported annually), P 5.5 B and P 2B respectively.

To this amount we add the annual overcharge in technical services. With the buying of the mills at an overprice, the inflated payments already make up a big channel for the outflow of funds abroad. Taking this into consideration, we

Sugar Processing for Export

Foreign investment in Philippine sugar mills includes the following:⁷⁵

Victorias Milling	American: 16%
	Taiwanese: 2.9%
	Foreign: 28.7%
Central Azucarera de la Carlota	
Central Azucarera de don Pedro	Spanish (Roxas y Cia, Zobel de Ayala, etc.): 79.6%
Central Azucarera de Tarlac	Foreign: 10.5%
Central Azucarera de Bais	Spanish: 68.5%
San Carlos Milling	British (Jardine Davies): 26.2%
	American: 5.8%
Central Azucarera de Pilar	Foreign: 3.15%

find that the underprice of the crude coco oil, the overprice of the equipment and the profits remitted have far outstripped the capital brought in terms of equipment. With each passing year, this net outflow in money is expanding.

Based on data brought up earlier, the hacenderos and millers both reap profits, roughly 87.7 per cent of which is made up of unpaid hacienda labor, and 12.3 per cent, unpaid mill labor.

The millers wield local monopolies through their exclusive privilege to mill all the cane in their milling districts. In addition, they monopolize the handling and monitoring of the process of weighing

the cane.

The sugar millers often referred to as the sugar barons maintain an organization called the Philippine Sugar Association which exercises a big amount of clout in determining state policies concerning the sugar industry.

The monopoly over the technology of producing sugar mills remains with the foreign monopoly manufacturers of sugar milling equipment, such as Tate & Lyle of Great Britain, Marubeni-Ilda of Japan, and Cie Fives Lille of France. The sugar milling industry is kept dependent on imported equipment from these firms.

Among the local partners of the foreign investors in the sugar industry have been some of the stalwarts of the local big semi-feudal lord class including:⁷⁶

Osorio	Victorias Milling (American, 16%; Taiwanese: 2.9%; Spanish, 1.3%)
Elizalde	Central Azucarera de la Carlota (Foreign: 28.7%)
Soriano, Zobel	Central Azucarera de Don Pedro (Spanish: 79.6%)
Cojuangco, Lopa	Central Azucarera de Tarlac (Foreign: 10.5%)
Ledesma, Gustilo	San Carlos Milling Co., Inc. (British: 26.1%; American: 3%)
Ortigas	Central Azucarera de Bais (Foreign: 68.9%)

Philippine historians have alleged that it is this elite of sugar millers that selects the Philippine president. Many of the past presidents, vice-presidents, senators and congressmen were either sugar barons or their proteges. Former president Diosdado Macapagal was said to have been a protege of the big Laguna hacendero and miller, Luis Yulo, Sr. Former vice-president Fernando Lopez, was considered to have been instrumental in maneuvering former President Marcos into the presidency, was a big sugar baron from Negros. Even the present Philippine president Corazon

Cojuangco Aquino is among the major stockholders of Tarlac Development Corporation, a family holding company for the 6,000-hectare Hacienda Luisita and the Central Azucarera de Tarlac, one of the country's biggest sugar mills.

The Philippine state has been responsible for the following contributions to the sugar millers:

- 1) Research support through the Philippine Sugar Institute (renamed the Philippine Sugar Center)
- 2) Justification of low hacienda pay and mill wages through starvation-level "minimum-wage" laws;
- 3) Strike-breaking, union-busting, and other activities inimical to the organized strength of the hacienda and mill laborers.⁷⁷
- 4) Financing the establishment and operation of the sugar mills and haciendas. The Philippine National Bank, the largest local bank, was specially set up to perform this function, which it did until the job was taken over by the Republic Planters' Bank under Benedicto.

Our calculations showed earlier that of the roughly P12 billion worth of value in sugar produced in the Philippines per year, the foreign monopoly buyers gobble up the bulk or roughly 75 per cent (P 8 billion) by paying an export price of only P 4 billion. Clearly, the transfer of wealth abroad in the case of the sugar industry takes

place primarily through underpricing of exports.

After adding the yearly costs in paying for the overprice of the mill equipment, this sum in wealth shipped out of the country has far exceeded and is fast widening the gap over the capital brought into the country in the form of sugar centrals. Potential capital is rapidly being drained out of the country largely through unequal exchange.

● Other Lines of Processing

Similar trends pervade the other lines of processing still basically raw materials for export. For purposes of brevity, we shall highlight only certain features in each line of investment.

Four foreign giant food companies dominate the banana and fruits industry:

- 1) Del Monte Corporation. This firm controls over 20,000 ha. of rich lands in Mindanao.
- 2) Castle & Cooke, through its subsidiary, Stanfilco controls over 16,000 ha. of Mindanao lands.
- 3) United Brands (formerly named United Fruit, the notorious agribusiness corporation in Central America) through its subsidiary, Tagum Development Corp. (TADECO) controls over 7,000 hectares of prime Mindanao land.
- 4) Sumitomo Corporation holding 40 per cent of shares in Davao

Fruits Corporation controls over 6,000 ha. of choice Mindanao lands.⁷⁸

While plantation farming is widespread, family labor in farms contracted under "grower's agreements" with the foreign companies shoulders most of the work in banana farming. Many of the laborers hired by the "growers" depend partly on subsistence farming and livestock raising.

The Philippine state has greatly assisted the big banana companies by leasing to them through the National Development Corp. government lands at token rates and, through blackmail, harassment and naked force facilitating the usurpation of lands possessed by owner-cultivators, settlers and tribal communities. It has also stationed at least a battalion in one of the biggest banana plantations to safeguard the interests of the foreign investors.

Since the present labor involved in banana production based on tentative estimates is .00585 LD per kg. or 5.85 LD per m.t. on the average, bananas contain a value of at least P3.2175 per kg. or P3,217.50 per m.t. (at 1988 levels). And yet bananas are bought from local growers (owner-cultivator families contracted by the big companies) at roughly P0.625 per kilo. Mainly through this unequal exchange rather than directly hiring plantation laborers, the banana moguls rake in merchant profits of P 2.59 per kg. of banana. In the process, they directly exploit the owner-cultivator households and

indirectly exploit the laborers hired by the growers. In addition, by direct and indirect means, they fleece this labor force in the banana fields by selling up to 2 metric tons of fertilizer per hectare each year. Given an estimated value of 40 centavo and an average price of at last 3 pesos per kg. of fertilizer, the overprice they extract from owner-cultivators and hired laborers in that case reaches an amount of

P5,200 per hectare (1988 levels).⁷⁹

Through joint ventures with the state-owned National Development Corporation, British monopoly firms have taken over thousands of hectares of fertile lands in Mindanao for the production and export of palm oil. The Guthrie Corp. alone holds sway over 8,000 hectares in Rosario and San Francisco, Agusan del Sur.⁷⁸

2. Second Category: Direct Foreign Investments

The cooking oil industry illustrates the abovementioned trends present in direct foreign investments of the second category.

Our calculations show that the coconut refining corporations integrated with coco milling and copra buying operations obtain roughly 81.8 per cent from the underpricing of farmers and overpricing of consumers, and 18.2 per cent from exploitation of mill and refinery workers.

Foreign investments in the cooking oil industry include:⁸¹

- | | |
|--|--|
| 1) San Miguel Corporation ("Golden Fry" brand) | 1.7 per cent: Andres Soriano III (American) |
| | 1.7 per cent: other Sorianos (American, Spanish) |
| | 8 per cent: Roxas Family (Spanish) |

- | | |
|---|--------------|
| 2) Republic Flour Mill ("White King" brand) | 41% American |
|---|--------------|

- | | |
|--|-----------------------|
| 3) San Pablo Mfg. Corp. ("Minola" brand) | 99%, 1 cent: American |
|--|-----------------------|

Their local partners are among the following:

- | |
|--|
| 1) Philippine Government (majority shareholders of San Miguel Corporation based on sequestration of holdings of Eduardo Cojuangco) |
| 2) Concepcion family (majority stockholders of RFM; includes the current Minister of Industry and Trade Jose Concepcion, Jr.) |

These refinery owners keep up the prices of cooking oil through cartel arrangements facilitated, among others, by membership in the United Coconut Association of the Philippines. At the same time,

their foreign partners continue to wield a monopoly in the technology of coconut oil refinery production.

Even excluding transfer of wealth through crude coco oil export and profit remittances on crude coco oil production, the situation in refining alone reflects a similar pattern of net outflow of money. The inflow of wealth in equipment and materials, if conservatively readjusted to take into accounting an overprice (100 per

cent) is simply overwhelmed by the accumulating profit remittances and the overprice of imported inputs repatriated to the country of origin.

The influx of overpriced imported refined corn, soybean and other vegetable oil ("Mazola" brand, etc.) in the wake of the import liberalization approved by the Aquino administration adds to the drain of value and money out of the country.

3. Third Category: Overpricing Consumers

The drug industry represents the third category of foreign industrial investments.

Even by conventional standards and methods of analysis, drug prices have proven to be astronomically higher than their actual values. As such, the bulk of the profits of the drug companies have originated not from exploitation of drug workers but from overpricing consumers.

The Philippine drug industry is dominated by the following foreign monopoly firms:⁸² engaged in mixing and repacking of drug formulations.

- | | |
|----------------------|------------------------------------|
| 1. Pfizer | Pfizer (100%, American) |
| 2. Johnson & Johnson | Johnson & Johnson (100%, American) |

- | | |
|-----------------------|---|
| 3. Abbot Laboratories | Abbot (100%, American) |
| 4. Mead Johnson | Mead Johnson (100%, American) |
| 5. Wyeth-Suaco | American Home Products (American, 70%) Wyeth Laboratories Corp. (American 22%) Suaco's (Filipino, 8%) |
| 6. CIBA-Geigy | CIBA-Geigy (Swiss, 99.99%) |
| 7. Hoechst | Hoechst (West German, 66.67%) |
| 8. E.R. Squibb | Squibb (American, 100%) |
| 9. Rhone-Poulenc | Rhone-Poulenc (French, 100%) |

Through the Drug Association of the Philippines, they maintain cartel prices. They reinforce this monopoly control of the market by collaborating with the Philippine Medical Association to promote among doctors and eventually among clients and patients the exorbitantly-priced drugs through give-aways and various gimmicks. They are the beneficiaries of slick advertising that tends to foster unwarranted use of drugs and the buying of overpriced "high-quality" medicine instead of the generic kind with the same effectiveness.

Due to the overpriced rates at which the formulations are imported from the mother companies, a large proportion of the expenses, specifically 35 to 50 per cent, go to such importation.⁸³ A big chunk, if not the bulk, of the profits mainly from overpricing of drugs sold to consumers thus leave the Philippines in the process of paying for these imported items.

Cases of deliberately jacking up further the declared costs of inputs in the drug industry and elsewhere -- a practice called "transfer pricing" -- have been amply documented. This maneuver is meant to hasten the outflow of dollar profits especially when the Third World states are required as a matter of policy to regulate the flow of foreign exchange in and out of their respective countries.

Apart from unequal exchange in paying for imported inputs, the profits repatriated to for gn

stockholders and derived mainly from overpricing of drugs and unequal exchange vis-a-vis end-consumers, are substantial. Another huge means of siphoning out dollar profits for the foreign drug monopolies are royalties, in effect, overprice payments for technology.⁸⁴ The inflow of wealth and value in the form of drug formulations, mixing and packing materials and equipment fall far short of the outflow of value in terms of royalties, overprice payments and profit remittances.

4. Fourth Category

The oil business is the most outstanding example of the lines of foreign direct investment in this fourth category. Our calculations disclosed that of the total estimated P50.207 B in profits gained by the oil companies each year, a comparatively miniscule of P0.207B originated from exploitation of refinery, transport and storage workers while the elephant's share of over 99.5 per cent or P50 B resulted from overpricing.

The oil companies operating in the Philippines involve all the "seven sisters" or what has also been called the "seven thieves".⁸⁵

A. Refineries

1. Bataan Refining Corp.
2. Caltex, Philippines
3. Pilipinas Shell Petroleum, Corp.

B. Marketing Companies

1. Petrophil Corp.

2. Shell Distribution Co.
3. Sea Oil

Their partners include some of the leading and biggest local semi-feudal lords in the Philippines today:⁸⁶

1. Ricardo Lopa, President Aquino's brother-in-law/First Phil. Holdings Co.
Pilipinas Shell Petroleum (25%)
Philippine Petroleum Corp. (48%)
2. Ayala, Zobel and Araneta
Pilipinas Shell Petroleum (25%)
3. Cesar Buenaventura (Chairman, Pilipinas Shell Petroleum, and member, Monetary Board, Central Bank)

The Philippine Petroleum Institute, patterned after the Texas-based U.S. cartel organization, the American Petroleum Institute, is supposed to help manage the cartel operations of the companies. The Philippine state has been most beneficial to the foreign-controlled oil companies, as shown by the following services rendered:

- a) granting oil price increases even

with the necessary public hearings, and the necessary satisfactory arguments to justify such price escalation.

- b) granting from taxpayers' money of subsidies called the Oil Price Stabilization Fund to the tune of P2.0 billion (1986-1987 figure). These are supposed to offset alleged losses due to the high cost of importing crude.

The point is that world petroleum prices even during down turn swings are exorbitantly high as they are.

- c) leniency in collecting taxes from the delinquent oil companies the arrears of which had run to billions of pesos

- d) suppression of strikes in protest against oil price increases.

The wealth brought in the shape of overpriced crude oil, the refinery transport and storage equipment has been far exceeded by the overprices paid for these inputs, and for managerial, technical and marketing services and by the profit remittances of the oil companies.

B. FOREIGN LOAN INVESTMENT AND CAPITAL IN THE THIRD WORLD

Loan or money-lending capital is the other form of capital exported by the financial aristocracies of U.S., Japan and Western Europe to the Third World. Lenin for his part laid great emphasis on this phenomenon, since he contended that the big banks were increasingly dominating the monopoly capitalist economy and that the rapid growth of "parasitic" rentiers detached from management and reliant on profits from bonds and interests marked the decaying of capitalism.⁸⁷

For one, international credit has loomed as among the most attractive sources of profits and unpaid labor for Western monopolies. The unpaid labor or value that can be had from money-lending during modern times universally, since the decline of the classical feudal era rests on the three basic factors: the changes in the productivity of gold production, the dollar price of gold, and the exchange rate of the dollar rate with all other currencies. These last two have appeared as factors determining interest-exploitation only relatively recently.

In 1944, the monopoly capitalists affirmed in an agreement made in Bretton Woods, New Hampshire the gold standard, setting its price at 35 dollars per troy ounce and mandating all signatories to exchange their gold reserves for

money payments owed in trading and lending. This same agreement, during which the International Monetary Fund was established, also set up the dollar as the international currency mediating trade and credit between nations. Therefore, the value of money and the different currencies would thus be computed according to the following factors:

$$= \frac{\text{value of gold (LDs)}}{\text{gold unit (oz.)}}$$

$$\times \frac{\text{No. of dollars}}{\text{LDs of gold}}$$

$$\times \frac{\text{Other currencies}}{\text{Dollar equivalent}}$$

Changes in the average worldwide productivity of gold production and therefore the value of gold have through the year been minimal. For this reason we will not pay much attention to this factor in investigating changes in the value of money. It is the second two factors which have undergone significant and often abrupt and dramatic changes during the past 17 years or so. The interaction of these two factors more or less indicates the ups and downs, zigs and zags in the value of money.

In the case of the Philippine peso, we can trace its journey of value through the following table.⁸⁸

WORLD PRICE OF GOLD PER TROY OUNCE (12 GRAMS)
IN US\$ AT ANY GIVEN TIME WITH
THE EQUIVALENT PESO
VALUE TO US \$1

Year	World Market Price US\$/oz. of Gold	Peso Equiva- lent to US \$1	Dollar* Equivalent Average Socially Labor for One day (8 hrs.)	Peso Equivalent	Value of Dollar	Value of Peso
1935	\$ 35	P2.00	\$ 1.925	P 3.85	.0286 LD	.0143 LD
1936	35	2.00	1.925	3.85	.0286	.0143
1937	35	2.00	1.925	3.85	.0286	.0143
1938	35	2.00	1.925	3.85	.0286	.0143
1939	35	2.00	1.925	3.85	.0286	.0143
1940	25	2.00	1.925	3.85	.0286	.0143
1941	35	2.00	1.925	3.85	.0286	.0143
1942	35	2.00	1.925	3.85	.0286	.0143
1943	35	2.00	1.925	3.85	.0286	.0143
1944	35	2.00	1.925	3.85	.0286	.0143
1945	35	2.00	1.925	3.85	.0286	.0143
1946	35	2.00	1.925	3.85	.0286	.0143
1947	35	2.00	1.925	3.85	.0286	.0143
1948	35	2.00	1.925	3.85	.0286	.0143
1949	35	2.00	1.925	3.85	.0286	.0143
1950	35	2.00	1.925	3.85	.0286	.0143
1951	35	2.00	1.925	3.85	.0286	.0143
1952	35	2.00	1.925	3.85	.0286	.0143
1953	35	2.00	1.925	3.85	.0286	.0143
1954	35	2.00	1.925	3.85	.0286	.0143
1955	35	2.00	1.925	3.85	.0286	.0143
1956	35	2.00	1.925	3.85	.0286	.0143
1957	35	2.00	1.925	3.85	.0286	.0143
1958	35	2.00	1.925	3.85	.0286	.0143
1959	35	2.00	1.925	3.85	.0286	.0143
1960	35	2.00	1.925	3.85	.0286	.0143
1961	35	2.00	1.925	3.85	.0286	.0143
1962	35	2.00	1.925	3.85	.0286	.0143
1963	35	2.00	1.925	3.85	.0286	.0143
1964	35	2.00	1.925	3.85	.0286	.0143
1965	35	3.887	1.925	7.48	.0286	.0074
1966	35	3.887	1.925	7.48	.0286	.0074
1967	35	3.887	1.925	7.48	.0286	.0074
1968	35	3.887	1.925	7.48	.0286	.0074
1969	35	3.887	1.925	7.48	.0286	.0074
1970	35	5.7465	1.925	11.06	.0286	.00497
1971	35	6.348	1.925	12.22	.0286	.0045
1972	50	6.6435	2.75	18.26	.02	.003
1973	90	6.7545	4.95	33.43	.01	.0016
1974	160	6.7815	8.80	59.68	.00625	.00092
1975	170	7.234	9.35	67.64	.00588	.00081
1976	125	7.425	6.875	51.04	.008	.0011
1977	140.00	7.391	7.70	56.91	.00714	.00096
1978	197.052	7.376	10.838	79.94	.0051	.00068
	305.248	7.3656	16.7887	123.66	.00328	.00044
	6611.17	7.521	33.6144	252.81	.00164	.00022
1981	460.24	7.924	25.3132	200.58	.0022	.00027
1982	380.326	8.54542	20.91793	178.75	.00263	.00031
1983	424.32	11.0713	23.2826	257.76	.0024	.00021
1984	360.591	16.745	19.8325	332.10	.0028	.000166
1985	316.9942	18.5481	17.43468	323.38	.0032	.00017
1986	368.015	20.34	20.241	411.70	.0027	.00013
1987	447.54	20.581	24.6147	506.00	.0022	.00011
1988	476.852	20.97215	26.2268	550.00	.0021	.0001

* Based on a study on gold production that estimated the average socially necessary labor in gold production to be 18.18 labor-day per troy ounce and the average social productivity in gold mining-refining to be .055 troy ounce per labor-day.

The dollar equivalent of the average socially necessary labor for a day during a certain time period is calculated as follows:

$$= \begin{array}{l} \text{average social} \\ \text{productivity in} \\ \text{gold mining and} \\ \text{refining for a day} \\ \text{(pegged at .055 oz./LD)} \end{array} \times \begin{array}{l} \text{prevailing world} \\ \text{gold price at} \\ \text{the time} \end{array} \times \begin{array}{l} \text{Peso/Dollar} \\ \text{Exchange} \\ \text{Rate} \end{array}$$

The peso equivalent of the average socially necessary labor for a day during a certain time-period is computed as follows:

$$= \begin{array}{l} \text{average social} \\ \text{productivity in} \\ \text{gold mining and} \\ \text{refining for} \\ \text{one-day} \end{array} \times \begin{array}{l} \text{prevailing world} \\ \text{gold price} \end{array} \times \begin{array}{l} \text{Current} \\ \text{Peso/Dollar} \\ \text{Exchange} \\ \text{Rate} \end{array}$$

The value of dollar currency is the reverse of the dollar-equivalent of the average socially necessary labor for a certain time-period. It is calculated in the following manner:

$$= \begin{array}{l} \text{average socially} \\ \text{necessary labor} \\ \text{(value) contained} \\ \text{per amount of} \\ \text{gold} \end{array} \times \begin{array}{l} \text{Amount of gold corresponding} \\ \text{to each amount of money} \\ \text{(reverse of world gold price)} \end{array}$$

The value of peso currency is the reverse of the peso-equivalent of the average socially necessary labor for a certain time-period. It is computed as follows:

$$\times \begin{array}{l} \text{Amount of gold} \\ \text{corresponding to} \\ \text{each amount of} \\ \text{money (reverse of} \\ \text{world gold price)} \end{array} \times \begin{array}{l} \text{Current} \\ \text{Dollar/Peso} \\ \text{Exchange} \\ \text{Rate} \end{array}$$

When a loan is made and interest exacted from the borrower, the amount of money equivalent to the principal for which interest is supposed to be paid undergoes a change in value in the case of pesos, in line with the figures enumerated in the above table. When the world price of gold equivalent in pesos rises in the period between the time or part of the loan in pesos is made and disbursed and the whole time the loan in pesos is made and disbursed and the whole time or part of the principal or its corresponding interest is paid given a constant level of productivity in gold mining and refining, the lender that gets the payments of interest at a rate greater than this rise in gold price gets a **net interest**. Other conditions being equal, if the lender gets less, he gets a net loss of interest. If the peso price of gold in the world market falls during the period between

loan disbursement and repayment, the lender gets a net interest equal to the nominal pesos the decrease in value of the principal. If the loan is in dollars, then the calculation of the net interest or net loss of interest will be based on the extent of the rise or fall of the world price of gold from the time of release of loan to time of repayment and the rise or fall of productivity in gold production. Translated into formula, this relationship can be stated as follows:

- Pr = principal to be paid
- G₁ = world price of gold in the currency of the loan at the time of its release
- G_m = world price of gold in the currency of the loan at the time of repayment of principal and interest
- I = interest to be paid
- i = interest rate of loan
- Ni = net interest
- NI = net loss of interest
- P_i = productivity in gold production at the time of release of loan
- P_m = productivity in gold production at the time of repayment

if $\frac{I}{Pr}$ or i is greater than

$$\frac{G_m - G_1}{G_1} + \frac{P_m - P_1}{P_1}$$

then there will be Ni

$$\text{where } Ni = I - \left[\frac{G_m - G_1}{G_1} + \frac{P_m - P_1}{P_1} \right] Pr$$

$$\text{and } Ni = \left[\frac{G_m - G_1}{G_1} + \frac{P_m - P_1}{P_1} \right] Pr - I$$

$$\text{if } i \text{ is less than } \frac{G_m - G_1}{G_1} + \frac{P_m - P_1}{P_1}$$

$$Ni = I + Pr \left[\frac{G_m - G_1}{G_1} + \frac{P_m - P_1}{P_1} \right]$$

When a lender earns the net interest, he or she gains not only a nominal interest but also appropriates unpaid labor or value amounting to the net interest, but suffers a loss of net interest, he or she receives an added amount of money, but in the process of lending he loses a certain amount of value amounting to the net loss of interest.

From 1946 to 1971, the price of gold remained at 35 dollars per troy ounce. During that period, the foreign monopoly banks lent ordinarily at the rate of 7 to 9 per cent per annum.⁸⁹ In addition to the rise in the productivity of gold production from time of the release of the loan to the time of the repayment -- in bulk or installment -- (this productivity, being inversely proportional to the value of money - this net interest rate multiplied by the principal was the actual *unpaid value* appropriated by the bankers.

Granting say an estimated average rise in productivity of gold production of 1 per cent, the bankers appropriated unpaid value to the tune of from 8 to 10 per cent per year of the principal.

In the meantime, the Macapagal administration devalued the peso from 2 pesos to P3.90 in 1962. The value of all the remaining arrears in principal of those borrowers of peso loans from Philippine banks and usurers during the exact moment of devaluation automatically rose in the same proportion. The nominal interest for the remaining principal unpaid minus the increment in value made up the net interest or the unpaid value the lenders appropriated. If the increment in value exceeded the nominal interest for the remaining principal, then the lenders garnered a nominal interest but suffered a loss in value. Immediately after the moment of devaluation, all real peso profits in lending has to be based on changes in both the world price of gold and the peso-dollar

exchange rate. From 1962 to 1970, both these indicators remained steady. And all lenders during that period whether of pesos or dollars appropriate unpaid value roughly equivalent to their nominal interest payments.

In 1970, under instructions from the IMF, the peso-dollar exchange rate was "floated". The following year, facing a foreign exchange crisis the U.S. government refused to honor the commitment of paying off its foreign exchange liabilities with its gold reserves. This has since then set off a trend compounded by worldwide shortage speculation in gold of wildly fluctuating and generally rising world gold prices. From 35 dollars per ounce in 1971, gold prices peaked to over 700 dollars per ounce in 1980, settling to an average of \$450/oz. in 1988.

These sharp climbs and dives has resulted in a situation whereby the value of money in dollars has generally been going down since 1980, but the foreign bankers had continued to receive interest payments. During this period of fall in the value of dollars, the foreign bankers appropriated unpaid value amounting to the sum of their nominal interests and the windfall corresponding to the fall in the value of the dollar (principal multiplied by the rate in decrease in the world price of gold from the time of the releases of the loan to the repayment).

New loans in the Philippines secured from the foreign bankers from 1980 to 1987, amounting to

at least \$17 billion (more than \$13 billion of which was obtained in 1982 alone) has obtained for them interest payments totalling roughly P25 billion per year.

The Aquino government is busy carrying out plans to add \$4.4 B by 1992 to the P26.3 B in foreign debt it inherited from the old Marcos regime - or a whooping \$730 M per year in accumulated foreign debt - close to Marcos rate of foreign indebtedness of roughly \$1 B more each year.⁹⁰

As a rule of thumb when the world price of gold at the time of dollar loan repayments is either higher (but not more than the 100 per cent plus the interest rate) or even lower, than the world gold price at the time of the disbursement of the loan, then the bankers gain not only nominal interest but unpaid value. Under these conditions, international lending by the monopoly banking became a huge source of appropriation of unpaid value in addition to unequal exchange.

Where these conditions do not prevail, the foreign bankers gain nominal interest that somewhat offset the cheapening of the dollar and its value-inflation caused by the spiralling of the world prices of gold. In the process, they minimize the net losses in value of the dollars that they would otherwise suffer if they had merely allowed this money to lie idle.

There is another function of monopoly banking that if viewed from the broad perspective of the

global acquisition of superprofits and colonial transfer of wealth away from the Third World, is even more important than earning net interest. It is the role that such money-lending plays in facilitating the colonial trade characterized by the unequal exchange of values.

As a general rule, foreign loans have been precisely extended in order to ease the buying of foreign-made goods and services. Since the loan payment is made on an installment or staggered basis, foreign credit serves to cushion the burden of accumulating huge amounts in funds to buy the overpriced commodities. In addition, the unequal exchange of values tend to create a deficit in the balance of trade. The revenues from exporting not only basically raw materials but also severely underpriced ones naturally fall short of the costs of importing not only basically finished products but also greatly overpriced ones. The machinery of unequal exchange demands the lubricating oil of foreign credit.

In the following conclusions made by a consultant to the Krupps, the dominant industrial monopolist family in West Germany, has described the role of loans in West German colonial trade:

"West Germany has evolved a policy that is almost completely economic in character. It has operated on this single and fundamental premise: foreign aid should serve foreign trade... Foreign aid only concerned itself with economic development projects that meant increased sales of German goods and

services. . . eighty per cent of the foreign aid (DM 3.5 billion for 1975) in the form of capital investment goods, has been a profitable spin-off for the West German economy. . . In the last half of the 1950s the Bonn government edged its way into the foreign-aid field, and this move served two basic objectives: it was intelligent international public relations, and it opened up new markets for West Germany's capital goods and services in areas of the world that hitherto had been closed to German exports." ⁹¹

Lenin himself brought up this point in the following discussion of French lending practices:

"The most usual thing is to stipulate that part of the loan granted shall be spent on purchases in the creditor country, particularly in orders for war materials or for ships, etc. In the course of the last two decades (1890-1910), France has very often resorted to this method. The export of capital thus becomes a means of encouraging the export of commodities." ⁹²

In a succeeding paragraph, he quotes from a report of the Austro-Hungarian consul at Sao Paulo, Brazil:

"In the financial operations connected with the construction of these railways the countries involved stipulate orders for the necessary railway materials." ⁹³

Much of the lending in the Philippine experience has been directed at financing the importation of the overpriced inputs used in the types of industrial-commercial investments described in the previous section, apart from the importation of finished consumer goods such as canned sardines from Japan and whiskey from Europe.

The foreign monopoly bankers have put special focus on pursuit of what they call "development banking" -- the financing of the means by which Third World states provide services and commodities necessary for the operation of the colonial trade and industrial investments. Among the major goods and services are:

- a) power generation and water supply (the ancillaries needed to run the mills, refineries, assembly, mixture, final-processing and repacking firms, warehouses, retail outlets, sweatshops, cottage or home industries;
- b) the roads, bridges, and ports needed to speed up the flow in the delivery of the underpriced basically raw material garment and semiconductor exports abroad, and the various overpriced imported inputs and consumer items to Philippine cities, town centers and countryside;

Foreign banks have huge amounts of dollars loaned to the Philippine state for the purchase of overpriced power and water supply equipment. These has involved not only the sale of overpriced oil-fuel power equipment (the value of which was discussed in Chapter 5) but also that of nuclear-fueled equipment such as the Westinghouse plant in Morong, Bataan. Even by conventional standards that generally fail to take into account the actual value of the commodity assessed, the price paid for the plant has been generally consi-

dered to be exorbitant; since two basically similar plants could have bought for the price of the plant in Bataan. Despite the onerous nature of the loan with respect not only to the pricing of the plant but also to the danger it poses, Filipino state officials led by President Aquino have refused to repudiate the loan and instead have kept their promise of paying more than \$355,000 or approximately P7M a day for this plant that is not even operational. ⁹⁴ The entire payments for the plant -- principal and interest -- are all unpaid value lining the pockets of Westinghouse Corporation and the coffers of the U.S. Export-Import Bank, since the plant has no-use-value to its intended consumers and therefore no value at all. ⁹⁵

Foreign banks have also lent out huge sums to the Philippine state and to private companies contracted by it for the procurement of overpriced construction equipment and materials and overpriced services of foreign construction companies and consultancy firms.

- c) irrigation (needed to promote the sale of overpriced imported fertilizers and water pumps especially in rice farming).

Aside from the U.S. Eximbank and the Overseas Economic Cooperation Fund of Japan, -- U.S. and Japanese state banks set up for that purpose, the World Bank and the Asian Development Bank were especially organized to provide loans to Third World States.

Still another special area of fo-

reign lending in the Third World has been the sale of armaments and war equipment to states compliant with the interests of foreign monopoly capital. A big chunk of the budget of some of these states, especially Saudi Arabia, Brazil and Iran has in fact gone to buy overpriced arms especially from the U.S. and help maintain a repressive state of affairs. In the case of Saudi Arabia and Iran, this has served to scoop up back into the hands of the Western monopoly capitalists a portion of the petrodollar superprofits made possible by tremendously overpriced crude oil and refined petroleum products.

In the Philippines, "foreign military sales credits" have helped to sell to the state overpriced military equipment, while supplying it with the means to conduct "counter-insurgency" against forces that endanger foreign investment.

A sizeable portion of the loans by foreign monopoly banks serve a triple immediate purpose: these finance the importation of goods that are not only overpriced but that are also used as inputs in the production of basically raw materials exported at underpriced rates. Among the biggest loans have been made to such logging, mining and fishing corporations many of which involve foreign equity investments and as such are sources of dividends for their foreign stockholders.

A third function of foreign credit has been to assist U.S., Japanese and West European monopoly capitalists in shaping the policies and actions of Third World states to

suit their objective of accumulating superprofits through unequal exchange and colonial investment.

In the past, Western bankers and state finance officials have been able to dominate such decision-making processes through missions, joint advisory bodies, chambers of commerce and various lobbying groups. In the Philippines, the Philippine-U.S. Joint Financial Commission involving American Bankers was principally responsible for preparing the blueprint of the Philippine republic which had just declared nominal independence on July 4, 1946. Thereafter, missions such as the Bell Mission in 1950 were sent to prepare "recommendations" that served as the framework for the set of the most significant laws during the decade. As early as the late 1950s, the U.S. financial oligarchy was through the International Monetary Fund and World Bank already masterminding moves to maneuver the Philippine state into dismantling the controls on trade and foreign exchange that had inadvertently spawned a small yet growing Filipino capitalist class. It was instrumental in implementing devaluation and import decontrol in the early 1960s which crushed many Filipino industries. Starting in 1970, foreign bankers through the IMF and WB have been maintaining a high profile in overseeing the Philippine economy, dangling foreign loans in exchange for "conditionalities" and ensuring that appropriate changes in state policy be made.

The overall programs the foreign bankers have required from

the Philippine state have stressed the following:

a) **"keeping labor costs competitive."** This is a glossy euphemism for the policy of keeping the pay of hired laborers at low levels, often -- especially, in the case of rural laborers -- below the minimum normal requirements of human existence. This point is especially important for the foreign monopoly investors since much of their underpricing, overpricing, net interest, profits have been reappropriated from the unpaid labor derived through hiring of laborers, not to mention the profits gained from directly hiring laborers.

b) **"market-dictated prices"**. This actually has meant allowing the foreign and local cartels to impose their overprice on their goods sold locally, and to dictate underprices on those sold by peasants, small producers, subcontractors and "growers".

c) **"liberalization of imports"**. This involves the removal of quota and tariff barriers that impede the flow into Third World countries of the overpriced commodities produced in monopoly capitalist countries.

d) **"comparative advantage"**. The Third World states should concentrate on the production and partial processing of its tropical resources into still basically-raw materials for export to the West and on assembly, mixture, final processing and repacking of basically finished products. Since it is the monopoly capitalists who hold the ad-

vantage in terms of a comprehensive monopoly of industrial technology, Third World societies "are advised to turn their attention" to developing advantages "elsewhere".

C. FLIGHT OF CAPITAL

Another source of the outflow of money from the Third World to the monopoly capitalist countries has been the flight of money appropriated by Third World exploiting classes and invested in Western monopoly enterprises and banks.

Some of these investments have been done in the open and exposed to the public eye, such as the petrodollar deposits by Middle East sheiks and oil magnates in American, Japanese and European banks, buying up of real estate, hotels and stocks in industrial corporations.

A study on debt revealed that "Even as the government in Buenos Aires announced that it could not service its foreign debt in the middle of 1892, one of Argentina's richest property developers, the Macri Group, was developing a \$1 billion luxury apartment complex in Manhattan."⁹⁴

Transfer of wealth abroad by Filipinos themselves -- popularly known locally as "dollar-salting" has been undertaken in a more concealed manner. This has been usually by opening numbered accounts in Swiss banks, setting up holding corporations in Hongkong and the Caribbean, where such activities go unregulated. Estimates of

as high as \$10 billion in recent years and \$30 billion in stashed-away profits by Filipinos have been made. The expatriation by former president Marcos of wealth speculated to total \$10 billion has been widely publicized. However, this trend does not belong to a select groups of individuals, but represents the general tendency of an entire class of big semi-feudal lords possessing dollar profits through collaboration with foreign investors in basically raw-material, garments and semi-conductor exports. Attracted more by the comprehensive array of industrial capital in the West than by the limited field of industrial investments in their own Third World countries, these members of the class of big semi-feudal lords as a matter of course opt to invest in the West. After all, they have become partners of foreign investors and benefit from a Third World economy that is based on the continuing monopoly of comprehensive industrial technology and production by the capitalist countries of North America, Japan, and Western Europe and the industrial poverty of the Third World.

This phenomenon of capital flight in scandalous proportions is not limited to the Philippines. The same study on debt mentions the following facts:

"The bank of International Settlements (the central banks' central bank, based in Switzerland) estimates that some \$50 billion flowed out of Latin America between 1978 and 1982. The U.S. Federal Reserve Board reports that over one-third of the \$252 billion increase in the debt of Argentina, Brazil, Chile, Mexico and Venezuela between 1974 and

1982 went into buying assets overseas or was deposited in foreign bank accounts. Mexicans own some \$25 billion worth of property in the United States and have about \$20 billion deposited in U.S. banks.⁹⁵

The collusion of foreign investors and Third World semi-feudal lords in unequal exchange and colonial investment and debt extend to this department of capital flight. Studies have supported the point that the foreign monopoly bankers connive with dollar-salters in these covert operations, especially so since they are the co-beneficiaries of this transfer of funds.

V. FIFTH LEVEL: INEQUALITY IN THE MODE OF PRODUCTION

The final inequality lies at the level of the mode of production reproduced and regenerated at each end of the semi-colonial relationship.

The superprofits reaped by the Western corporations in the Third World have been partly directed through reinvestment at principally expanding monopoly capitalist production in the U.S., Japan, Western Europe, Canada, Australia, Korea and Taiwan.

This reinvestment has taken the form of expanding existing enterprises, establishing new ones of a capitalist nature, undertaking technological research, and funding

In summary, the semicolonial relationship between monopoly capitalism based in the U.S., Japan, Western Europe, Canada, Australia, Korea and Taiwan, and the semi-feudal countries of the Third World are based on the five major sources of the net transfer of wealth:

- underpricing of imports
- overpricing of exports
- extraction of net interest through loans
- repatriation of dividends mainly from merchant investments
- capital flight

the education of new generations of rank-and-file workers, engineers, managers and scientists.

It has strengthened the primacy of the monopoly capitalist mode, promoting the centralizing of capital, or ownership and control of a wider share of the capital in industry and banks in the hands of a few. Mergers, acquisitions and bankruptcies continue to proliferate.

While production in the "metropolitan" countries is marked by clearly capitalist features, the specific character of this mode is conditioned by its reliance on the largely semi-feudal profits appro-

priated from the Third World and on the overpricing of its products.

One of the fundamental manifestations of this reality is the possession by the monopoly capitalists of a superabundance of profits. The combination of this superabundance of profits and the overpricing of its products has resulted in a situation where it pays its home land workers the price of labor power far above the actual value of labor-power due to the overpricing of the wage goods. The daily wages are so high that they often exceed the real average value that a worker ordinarily produces per day. For instance, workers in the capitalist countries often receive more than P550 or \$22.50 per day.

The monopoly capitalists compensate for this by selling to the workers their wage goods at an overprice. While it may appear that the exploitation of the workers in the capitalist countries then primarily take place through overpricing, it must be noted that the production is basically capitalist since the workers are paid the price of their labor-power and that they receive basically paid value constant with respect of the individual productivity of the labor, while producing a variable surplus value.

The superabundance of profits in the hands of the monopoly capitalists allow them to mitigate somewhat the capitalist crisis that would ordinarily break out without its monopoly advantages:

- a) they are able to pay relatively

well to the workers, and thus somewhat "bribe" them into self-satisfaction;

- b) they are able to provide dole-outs in the form of unemployment insurance and welfare checks to the unemployed who would have ordinarily starved and sparked food riots under a classical capitalist crisis;
- c) they are able to employ millions of workers in enterprises many of which do not provide immediate services or goods that can be enjoyed by the workers or the capitalists (defense, aerospace, over-staffed civil bureaucracy);
- d) billions of dollars per year in the form of dole-outs to farmers for not cultivating the land, and overpriced payments for farm products.

These mechanisms blunt the effects, blur the character of capitalist production and serve to stave off the capitalist crisis so long as the monopoly capitalists succeed in reaping the largely semi-feudal profits from the Third World.

On the other hand, this semi-colonial relationship reinforces the supremacy of the semi-feudal mode of production in most Third World societies, including the Philippines.

The unpaid value appropriated by the monopoly capitalists through unequal exchange, direct investments, and money-lending are based mostly on direct appropri-

tion or on reappropriation of unpaid labor extracted under a semi-feudal mode of production. In the sugar industry, this is effected by reappropriating the unpaid product produced by principally small-scale labor and by laborers bound to the means of production and/or subsistence through debt and possession of tools and rice, corn and vegetable farm-lots - - both in the case of tenants and hired resident and migrant laborers. In many instances, though producing commodity crops, their households rely more on the paid labor in the form of stocks from their share of rice, corn and vegetable harvests and backyard animal produce than the paid labor in the form of their hacienda pay. At roughly 2 kilos of rice per day and at roughly 1 labor-day per cavan of rice -- the .04 LD of subsistence rice per day, their households survive on plus the paid labor representing their daily harvest of backyard vegetables often exceed their daily pay as hired laborers, which at P20 per day amounts to roughly .037 LD.

In this case, apart from the feudal elements of bondage to the means of production and/or subsistence as well as a small-scale labor, the feudal characteristic of self-sufficiency shapes the mode of sugarcane production.

The unpaid labor in the coconut industry, rice farming and other lines of agriculture exhibits the same basic features. This goes for the fishing industry where small-scale "municipal" fishermen possessing their means of production render the biggest amount of

unpaid value by selling their catch at an underprice to brokers and fishing companies and by buying overpriced fuel. Even large-scale fishboat workers receiving shares of the "net" catch suffer at least partly from semi-feudal exploitation by selling their share at underpriced rates to the boatowners themselves or to other merchants. Even most of the unpaid labor rendered in animal husbandry takes place through the underpricing of the animal produce of small-scale backyard raisers possessing their means of production. It has also been said the wide majority of forest trees in the world end up as firewood, partly through tree cutting by peasants for their consumption, but substantially also, by sale of firewood from such small-scale laborers possessing means of production and/or subsistence. In the Philippines, the ruling state is popularizing a semi-feudal variety of forestry production. Under the "social forestry" component of the government "agrarian reform program", settlers in the highlands are encouraged to plant *falcatta* and *ipil-ipil* trees and to sell these at an underprice to pulp and paper companies such as Paper Industries Corporation of the Philippines (PICOP) in Mindanao.

In the Third World, a large proportion of what has been considered to be part of industrial or capitalist development takes the form of home industries, where homeworkers possessing their work places and utilities labor on a small-scale in jobs farmed out by subcontractors.

In the transportation industry, most of those who work the public transport vehicles are small-scale laborers who co-possess the means of production through netsharing arrangements or requirements to spend for and replace the fuel.

The end-consumers of the overpriced products of the country's import-dependent industries including gasoline, kerosene, cooking oil, electricity and bread are mostly possessors of means of production and subsistence and are at the same time either small-scale laborers or largely self-sufficient producers or both. As such, most of the overprice profits given up to trading lords are semi-feudal. As shown by our earlier calculations, on the whole, these overprice profits for overshadow the capitalist exploitation of workers in these import-

dependent industries.

Overall, the preponderance of the semi-feudal unpaid labor, and the mechanisms that allow such to occur make the semi-feudal mode of production the dominant one in the Philippines and the rest of the Third World.

On top of the unequal exchange, realization, flow of use-value and value between monopoly capitalist countries and most of the Third World, neo-colonialism produces a growing inequality in the predominant mode of production -- monopoly capitalist in the former, and semi-feudal in the latter.

All these levels of inequalities comprise the semi-colonial oppression of the Third World today.

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4. Pierre Jalee, *The Third World in World Economy* (transl., Mary Klopfer), Monthly Review Press, New York, 1969, pp. 203, 192.
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7. Lenin, op. cit., p. 229: "Colonialism and imperialism existed before the latest stage of capitalism. Rome founded on slavery pursued a colonial policy and practiced imperialism. But 'general' disquisitions on imperialism, which ignore or put into the background the fundamental difference between socio-economic formations, inevitably turn into the most vapid banality or bragging, like the comparison: 'Greater Rome and Greater Britain'."
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22. *America, Inc.*, 1970, pp. 237-39; Jean-Marie Chevalier, *The New Oil Stakes*, (Ian Rock, transl.), Allen Lane, London, 1975, p. 146.
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25. Lenin, op. cit., p. 196.
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27. d' Jones, op. cit., p. 241.
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33. Based on data from J.P. Cole, *Geography of World Affairs*, Penguin Books, Ltd. Middlesex (England), 1974, pp. 222, 223, 228, 238, 248.
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CHAPTER 5

CONCLUSION:

THE SEMI-COLONIAL SEMI-FEUDAL SOCIAL FORMATION

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I THE SEMI-FEUDAL MODE

The semi-colonial, semi-feudal social formation embraces complex of modes of production, dominated by the semi-colonial, semi-feudal mode. This mode has asserted its dominance in such a society through the preponderance of semi-colonial, semi-feudal unpaid labor.

A. SEMI FEUDAL EXPLOITATION

Semi-feudal exploitation transpires in the Philippines and other Third World countries as the following types of unpaid labor extraction:

- land rent
- usury
- overpricing
- underpricing
- gambling
- hiring

1. Semi-Feudal Land Rent

Formal semi-feudal land rent in the Philippines used to be the overwhelming major source of unpaid labor extraction in the early part of the 20th century. Over the past two decades, two major factors have been knocking away at semi-feudal land rent. One, the hiring of laborers has spread significantly especially in rice farming which among the crop sector continues to employ the largest number of laborers. In over 60% of Philippine rice farms, the introduction of the "Green Revolution" has changed the contours of rice cultivation techniques and processes. Under the impetus of a glut of petrochemicals in the hands of the oil cartel, imperialist foundations and institutes spearheaded the popularization of the heavy use of imported, overpriced synthetic fertilizers and pesticides and rice varieties suited their use. Since the

rice landlords were not wont to spend for the high-cost inputs, the un-availability of credit to lubricate the flow of agricultural chemicals to rice farming loomed. A financial bottleneck to the super-profits of the oil monopoly emerged.

The Philippine state responded to this problem in the early 1970s with two programs: (a) a collateral-free credit program (called *Masagana 99*); and (b) a "land reform" program which in its Operation Leasehold component (lands retained under tenancy) called for a "leasehold" system, involving the payment of quit-rent and the shouldering by the peasants of the entire costs of their inputs. This "land reform" program, aside from creating the illusion that the state was indeed "liberating the peasants from feudal bondage", helped facilitate the peasants' access to the overpriced farm inputs.

The bottleneck removed, the "Green Revolution" technology spread quickly in the rice farming areas. One of the major changes that accompanied its adoption was the big jump in the need for hired labor, especially for planting, weeding, harvesting and threshing.

Since then, riceland tenants and owner-cultivators have commonly hired laborers for 30 to as high as 90 per cent of the labor requirements, depending mainly upon the

size of their landholdings. Since it is the tenant or owner-cultivator household's paid share of the composite of that paid share plus the produce-equivalent of the unpaid labor of those hired by the tenants or owner-cultivator that makes up the actual land-rent exploitation of

the household, the relatively diminishing share in labor of the tenant or land-owning peasant as a result of hiring laborers has reduced the actual land-rent exploitation by means of land rent, and the amount of actual unpaid labor extracted through land rent.

The other factor making for a lessening in semi-feudal land rent has been the action of the resurgent peasant movement. This mass movement in the countryside has initiated a reduction of rents, often by 50% of the traditional levels; instigated landlords to abandon their estates, thereby facilitating a peasant take-over of these lands; and aroused peasants in many areas to boycott land purchase or amortization payments.

Despite this significant shifts, semi-feudal land rent remains a large and major source of exploitation. To get a general idea of its extent, let us use a highly tentative set of estimates.

In this case of ricelands, based on an estimated hiring-household's average paid share of the composite of produce in its hands amounting to 50%, a formal tenancy rate of 50%, an average land rental of 15 cavans per hectare per season, an average 1.5 cropping season per year, 2.5 million physical hectares of riceland and roughly 1 LD/cavan, the total amount of semi-feudal land-rent extraction of unpaid labor would be:

$$= .5 \times .5 \times 1.5 \times 2.5 \text{ million} \times 15 \text{ cavans/ha.} \times 1 \text{ LD/cavan}$$

$$= 14.06 \text{ M LDs/year}$$

In the case of corn lands, based on estimated tenant and owner-cultivator household's paid share of composite produce (80%), a tenancy rate of 40%, a 20 LD/ha. labor requirement, an average 40% land rental share of the produce, and a 2.8 M cornland physical hectareage would amount to:

$$= .8 \times .4 \times 20 \text{ LDs/cavan} \times .4 \times 2.8 \text{ M hectares}$$

$$= 7.168 \text{ M LDs/yr.}$$

In the case of coconut lands, based of an estimated 50% paid share of the hiring household of the aggregate of that paid share and the produce-equivalent of unpaid labor of the hired, a tenancy rate of 50%, a 60 LD/ha., a 50% land rental share, a 3.5 M physical hectareage, the semi-feudal land rent extracted from the tenant or owner-cultivators would be

$$= .5 \times .5 \times .5 \times 3.5 \text{ M hectares} \times 60 \text{ LDs/ha.}$$

$$= 26.22 \text{ M LDs}$$

This roughly 47 million labor-days of formal semi-feudal land rent-extracted unpaid labor is certainly a substantial amount.

Apart from the informal land rent, informal semi-feudal land rent in the form of the tenants' paid share of the land amortizing payments has become a significant source of semi-feudal unpaid labor, as a result of the "land reform" program. The farcical nature of the program springs from the very fact that this scheme merely converts formal semi-feudal land rent into informal semi-feudal land rent, inasmuch as the value embodied in the cultivation of the land is contributed by the "CLT"-holder (Certificate of Land Transfer) or "amortizing-owner" household in proportion of its paid share in the composite produce in its hands.

Of roughly 700,000 hectares are covered by this "land transfer" program and of the "CLT"-holders, 24 per cent during 1987 have been said to have complied with the requirement of amortizing payment. Based on the past average payment of P800 by the CLT-holder for each hectare, a 50% share of the hiring household in the composite produce in its hands, the value of money P506.60/LD as of 1987), the semi-feudal unpaid labor extracted in the form of amortization payments last year (1987) would be roughly

$$= 700,000 \times 0.24 \times 0.5 \times \text{P}800/\text{yr.} \times \text{P}506.60/\text{LD}$$

$$= 132,050 \text{ LDs}$$

In all these cases, the land rent is semi-feudal due to the fact that while the mode of exploitation of the hiring-laborer-household is neither distinctly feudal or capitalist, its bondage to the means of production and/or subsistence, as well as its small-scale labor and/or largely subsistence orientation characteristic of feudal relations dominate.

2. Semi-Feudal Usury

Semi-feudal usury is a common source of the extraction of semi-feudal unpaid labor that though the amount of which derived from each laboring household is small, is nonetheless widespread. The overwhelming bulk of usury is practiced on hiring laborer-households (laborers hiring and exploiting other laborers) borrowing money for production inputs, in which case, side by side with an indistinct mode of exploitation, the feudal relations of bondage to the means of production and/or subsistence,

as well as small-scale-labor and/or largely subsistence production stands out.

3. Semi-Feudal Underpricing

Semi-feudal underpricing has been a prevalent form of unpaid labor extraction. This is practiced on hiring-laborer-households, whereby the indistinct mode of exploitation is accompanied by the domination of the feudal relations in the form of bondage to the means of production and/or subsistence, plus small-scale-labor and/or the primary reliance on direct consumption of the produce for the necessary labor-power.

Calculation on the following highly tentative figures allows us a cursory glimpse into the size of this unpaid labor. Labor in high-yielding rice farms requires the average amounts of 60 to 70 LDs of present labor and 0.3 LD of past labor in the form of fertilizers (based on a 30-centavo value per kg. of refined petroleum product at 600 kilos per hectare) and yields 100 cavans or more (at 50 kilos per cavan). This results in a rice product that contains the value of:

$$= \frac{60 \text{ to } 70 \text{ LDs}}{100 \text{ cavans} \times 50 \text{ kilos/cavan}}$$

$$= \frac{60 \text{ to } 70 \text{ LDs} \times \text{P}550/\text{LD}}{5,000 \text{ kg./cavan}}$$

$$= \text{P}6.60 \text{ to } \text{P}7.70 \text{ per kilos}$$

And yet, rice is usually bought from P2.50 to P3.50 per kilo, resulting in an underprice of roughly P3 to P5 per kilo or 0.0054 LD to .09 LD/kg.

Given a highly tentative estimate of 1.5 million m.t. and tenant or owner-cultivator share of the produce at hand, the underpricing would amount to:

$$= 1.5 \text{ M m.t.} \times 1,000 \text{ kg./mt.} \times \text{P}2.50 \text{ to } \text{P}3.00/\text{kilo}$$

$$= \text{P}3.75 \text{ to } \text{P}5.25 \text{ B/year}$$

or in terms of labor days, 7.56 to 13.5 M LDs

We do the same computation in the case of coconut lands. Using highly tentative estimates: 50% tenant and owner-cultivator paid-share of composite, 50% of coconuts produced in tenanted lands, (50% of coconut lands), 100% share of owner-cultivator produce sold (50% of entire

coconut lands), and P2 billion kg. of copra sold yearly, we come up with the following:

$$= [2 \text{ B kg. } (0.5 \times 0.5 \times 0.5) + 2 \text{ B kg. } (1 \times 0.5 \times 0.5)]$$

$$[\text{P8/kg.} \times \frac{\text{LD}}{\text{P550}}]$$

$$= 2 \text{ B kg. } (.125) + (2 \text{ B kg.} \times .25) \times [\text{P800/kg.} \times \frac{\text{LD}}{\text{P550}}]$$

$$= .75 \text{ B kg.} \times .0146 \text{ LD/kg.}$$

$$= 10.95 \text{ M LD}$$

Another form of semi-feudal exploitation by underpricing is practiced on non-exploiting and non-hiring laborers possessing their means of production and/or subsistence. This would include:

- a) hired riceland harvesters and threshers sharing a percentage of the crop and selling these at an underprice
- b) the underpricing of fish bought from subsistence, and "net"-catch-sharing hired laborers above medium-sized fishing boats

4. Semi-Feudal Overpricing

Semi-feudal overpricing pervades the different areas of the Philippine and other Third World economies.

Again, this may be applied on hiring-laborers, whereby the indistinct mode of exploitation appears hand in hand with the domination of feudal relations by way of the laborers' bondage to the means of production and/or subsistence, in addition to the small-scale of their labor and/or their primarily subsistence orientation.

This type of exploitation takes on two forms: overpricing of production goods or services sold to hiring laborers, such as in the case of overpriced fertilizer and rental of equipment and threshing services.

Or else, it may take the form of overpricing of consumer items sold to hiring laborers, such as in the case of cooking oil and electricity (to be discussed later).

Given the following highly tentative data: a 50% paid share of the hiring-laborers' household in the composite produce at hand, an overprice of P4.70 per kg. of fertilizer and an annual consumption of 500,000 m.t. or 500 million kg. of fertilizer by riceland tenants and owner-cultivators, the semi-feudal unpaid labor extracted from through fertilizer overpricing would amount to:

$$= .50 \times \text{P4.70/kg.} \times 500 \text{ M kg./yr.}$$

$$= \text{P1.175 B or in terms of labor-days, } 2.136 \text{ M LDs}$$

Semi-feudal overpricing may also victimize non-exploiting and non-hiring hired laborers. It may either take place by selling to them overpriced consumer items, such as cooking oil, electricity, house rentals and so on and so forth. Or, it may be in the form of selling them overpriced production goods or services, such as gasoline or diesel in the case of jeepney drivers, diesel fuel in the case of subsistence fishermen using motorized bancas, as well as "net"-catch-sharing hired laborers of *basnigs*.

Using highly tentative figures, consider the jeepney driver who buys an average of 50 liters of diesel per day. At an overprice of P4.40 per liter, he surrenders to the oil cartel a total of P220 per

day in overprice. Since the rental of the jeepney ("boundary") ranges from P140 to P200 per day, the unpaid labor that goes to the oil cartel through overprice of gasoline or diesel amounts to by far the largest amount of unpaid labor extracted from the jeepney driver. As in the other cases of overprice-exploitation of non-exploiting laborers, possessing means of production and/or subsistence, the mode of exploitation is distinctly feudal (with unpaid product constant, and paid product variable with respect to the productivity of the labor that produces these). However, capitalist features arise, such as the predominantly exchange character of the jeepney drivers' paid portion of their produce or service.

Like the hiring laborers, the non-exploiting laborers possessing means of production are also subject to semi-feudal overpricing-exploitation by buying overpriced consumer goods or services.

5. Semi-Feudal Gambling

Since this type of activity is usually practiced clandestinely, the extent of this type of exploitation is often underestimated. We can however glean the size of the profits from gambling from educated estimates from persons in the know that place gambling revenues at P50 million in one day alone, or P15 billion per year. The bulk of this gambling takes place not predominantly in the casinos of the exploiting classes, but in the rural barrios and urban poor communi-

ties. The gamblers are mainly laborers possessing means of production and/or subsistence, including tenants, owner-cultivators and hired laborers.

Since as in the case of the tenants and owner-cultivators, and other hiring laborers, the mode of their exploitation through gambling is indistinct. However, relations that accompany this gambling such as their bondage to the means of production and/or subsistence side by side with the small scale of their labor and/or chiefly subsistence production make the gambling unpaid labor dominantly feudal.

6. Semi-Feudal Hiring-Exploitation

With the receding of semi-feudal land-rent exploitation, semi-feudal hiring exploitation has come to the fore as among the premier types of semi-feudal exploitation.

This reality is most clear in rice farming. Let us arrive at highly tentative estimates using the following figures: the hired laborers perform 50% of the total labor in rice farming, those paid in money ordinarily receive P20 a day or roughly a mere 3.5 per cent of the money equivalent of an average labor-day of work, weeder-harvesters get one-eight to one-twelfth of the crop whereas they perform labor (often 40 to 55 days) or 45 to 60 per cent of a past and present labor aggregate. Therefore they are paid between 15 to 20 per cent of their produce. If we estimate that the hired laborers receive 15 per cent on the average of their rice produce 90 labor-days to be the average labor performed in rice farming per hectare, 1.5 cropping seasons per year, and 2.8 million physical hectares of rice land, the total amount of unpaid labor extracted through hiring amounts to:

$$= (1 - 0.15) (0.5) \times 90 \text{ LDs} \\ \times 1.5 \text{ cropping seasons} \\ \times 2.8 \text{ M physical hectares} \\ = 160.6 \text{ M LDs}$$

Since the hired laborers possessing their implements and/or means of subsistence such as rice and vegetable gardens receive paid product and render unpaid product that both vary according to the productivity of the labor that produces this unpaid and paid product, the mode is neither distinctly feudal nor capitalist. However, aside from their bondage to the means of production and/or subsistence, either their labor is small-scale, or they rely on the direct consumption of their rice harvest for their labor-power or both. As such, they suffer from hiring-exploitation that is semi-feudal.

A similar situation occurs in the case of hired laborers in sugarcane farming who perform from 75 to practically all of the present labor involved. The majority of labor operations, including harvesting and hauling is done small-scale, as a family, or in small groups that number no more than nine at a time in the same place. Besides, they ordinarily possess their implements, such as the machetes, plows and carabaos, or in addition to this may have their own rice farmlots. We find here the same prevalence of feudal features that marks rice farming.

Given the highly tentative data that such hired laborers in sugar farming receive only 3.5 per cent of the equivalent of their labor, perform on the average 70 per cent of the labor, out of an average 120 labor-days per hectare per season, and that sugarlands occupy 250,000 hectares nationwide, we arrive at the following estimation of the total amount of semi-feudal unpaid labor extracted through hiring:

$$= (100 - 3.5\%) \times .70 \times 120 \text{ LDs} \times 400,000 \text{ hectares} \\ = 32.42 \text{ M LDs}$$

Based on our calculations on the abovementioned six types of semi-feudal exploitation, we perceive a general indication that semi-feudal unpaid labor far outstrips the capitalist unpaid labor in a Third World society such as ours. This unpaid labor is at the same time semi-colonial since it is directed principally at promoting capitalist accumulation in the capitalist societies of the U.S., Western Europe, Japan, Canada, Australia, New Zealand, South Korea and Taiwan, rather than capitalist development in the Third World.

B. THE BUREAUCRAT CAPITALIST MODE

1. Semi-Feudal, Semi-Capitalist and Capitalist Exploitation by the State

The flourishing of a semi-colonial, semi-feudal mode in the Third World has been accompanied by the development of state or bureaucrat capitalist and semi-capitalist modes of production.

In the Third World, the state employs a large number of persons who receives bimonthly or

monthly salaries and thus portions of the value of the goods or services they produce that are constant to the productivity of the labor that produces these. These goods (electricity, tap water, etc.) or services (military, research, education, etc.) are measured in terms of the average socially necessary labor in producing them. These may be

solid and paid for directly by consumers (such as tuition fees for college education, health-care fees, etc.) or indirectly through taxes. Usually for a given work period, they create new values in terms of goods and services in proportion to their productivity and efficiency. As such, the differences between the variable value they newly create and the constant value they are paid vis-a-vis the productivity of their labor makes up a distinctly capitalist mode of exploitation. The presence of any single or combination of essential

non-capitalist features as in the mode of circulation, relationship to the means of production and level of productive forces render the production of the state workers semi-capitalist.

The small-scale nature of labor as in the case of teachers performing small-scale instruction within their respective classrooms and/or debt bondage and living in households relying solely on wages or salaries could render the particular mode of production of these state goods and services semi-capitalist.

Where, on the other hand, prevails the large-scale of the labor and the separation from means of production and/or subsistence of worker whose entire families live purely on wages and salaries, then the production is state of bureaucrat capitalist.

Though the state workers are exploited under capitalist or semi-capitalist modes of production, this does not prevent the state from engaging in other modes of production, such as semi-feudal through overpricing say, of electricity or underpricing of unhusked rice. The following study of Napocor production of electricity illustrates this phenomenon:

Oil-fueled electricity which pre-dominates in the Philippines consists of two basic labor components:

- the present labor in the generation of electricity.
- the past labor in the form of power equipment and the fuel itself used in power production.

In the case of oil-fueled power equipment, we make use of 1975 production data of the German electric behemoth, Siemens AG. Its labor force totalled 320,000 workers, while its sales of power equipment amounted to 40 per cent of its total sales. On the other hand, it produced generators totalling 10,000 MW per year.

The labor force of Siemens devoted to production of power equipment may thus be estimated to be

$$= 40 \text{ per cent} \times 320,000 \text{ workers}$$

$$= 128,000 \text{ workers}$$

Based on a 40-hour work a week, a labor intensity factor of 15 per cent (to take into account higher than average technical skills), and assuming that Siemen's individual productivity approximates the world-wide social average, the total present labor in power equipment is:

$$= 128,000 \text{ workers} \times 250 \text{ LDs/yr.} \times (100 \text{ per cent} + 15\% \text{ labor intensity factor})$$

$$= 36.8 \text{ M LDs/yr.}$$

For each MW of power equipment per year, the present labor performed to produce this amount of equipment was:

$$= \frac{36.8 \text{ M LDs/yr.}}{10,000 \text{ MW/yr.}}$$

$$= 3,680 \text{ LDs/MW}$$

To take into consideration the metal and other raw material used, and the fuel used up in the production of power equipment, we estimate the total value of the equipment to be 6,000 LDs/MW.

The Philippine Luzon oil-based power grid is run with power equipment that totals 2,000 MW and produces 10.016 billion kwh per year.

Based on a 10-year lifespan, the yearly depreciation of the equipment would come around to:

$$= \frac{6,000 \text{ LDs/MW} \times 2,000 \text{ MW}}{10 \text{ years} \times 10.016 \text{ billion kwh/yr.}}$$

$$= .00012 \text{ LD/kwh.}$$

As for the fuel used up during the process of power generation itself, we make use of the following data: a ton of fuel oil is said to generate 11,940 kwh. Therefore for each kwh, the following quantity of fuel oil is necessary:

$$= \frac{1 \text{ ton} \times 1,000 \text{ kg./ton}}{11,940 \text{ kwh}}$$

$$= .09 \text{ kg.}$$

In terms of value, this is equivalent to

$$= .09 \text{ kg.} \times .000546 \text{ LD/kg.}$$

$$= .00004914$$

Now we turn to the calculation of the present labor in electricity production:

The Luzon oil-based power grid of the National Power Corporation produces roughly 9 million kwh out of a total of 17.4 million kwh or 57.6 per cent for all types of fuel.

The total labor force of Napocor is 12,000. The labor force assigned to the Luzon oil-based power grid may thus be estimated to be:

$$= 12,000 \text{ workers} \times 57.6 \text{ per cent}$$

$$= 6,912 \text{ workers}$$

Based on a 48-hour work week, a labor intensity factor of 1.15 and the assumption that the individual Napocor productivity approximates the national social average, the present labor in oil-based power generation in the Philippines may be estimated to be:

$$= 6,912 \text{ workers} \times 300 \text{ LDs/yr.} \times 1.15$$

$$= 2,384,640 \text{ LDs/yr.}$$

On a per kwh basis, the present labor in power production is:

$$= \frac{2,384,640 \text{ LDs/yr.}}{9 \text{ million kwh.}}$$

$$= .00026496 \text{ LD/kwh/yr.}$$

The total average past and present labor in oil-based electricity production would therefore be estimated to be:

$$= .00026496 \text{ LD} + .000120 \text{ LD} + .0000727 \text{ LD}$$

$$= .0004341 \text{ LD/kwh.}$$

At 1988 levels, this would amount in money to:

$$= .000727 \text{ LD/kwh.} \times \text{P550/LD}$$

$$= \text{P0.23875}$$

Considering the retail power rates which range from 45 centavos to P3.80 per kwh, the overprice per kwh ranges from roughly 20 centavos to P3.56.

Although bureaucrat capitalist or semi-capitalist exploitation is practiced on the state workers, the state itself (the policy-making machinery, and its services) is principally semi-feudal for the following reasons:

- The wages paid to the state employees and the equipment, materials and facilities are primarily derived from the semi-feudal unpaid labor appropriated by the state through taxes. Most of these taxes are reappropriated from the semi-feudal unpaid labor amassed by individual and corporate semi-feudal lords through overpricing, underpricing, land rent, usury, gambling and hiring.

- In turn, the state hires personnel to perform the following services for the foreign and local semi-feudal lord class as a whole, especially:

- military protection of this class and its operations

- construction of roads, bridges and ports for its use

- apart from developing the labor-power of the peasant, semi-proletarian, proletarian and petty bourgeoisie for work under the semi-feudal lords (a service and labor-power enjoyed by these direct producers themselves but which is later on converted into labor an unpaid part of which will be appropriated by the semi-feudal lord class), promoting the ideology of the semi-colonial, semi-feudal lord class and justifying its exploitation and oppression.

2. Semi-Feudal Tax Oppression

When the laborer gives up unpaid labor as merchant, money lending hiring or gambling profit, part of this profit is allocated by his or her exploiter as taxes. In most cases very little is returned to the

laborer as state-services. We can estimate the mathematics of this situation through the following calculations:

Consider the budget of roughly P 140 billion a year. Given an estimated population of roughly 50 million members of laboring classes and roughly 8 million laboring households, the average contribution of each laboring household to taxes would be:

$$= \frac{\text{P140 billion}}{8 \text{ million households}}$$

$$= \text{P } 17,000 \text{ each year}$$

The most substantial state-ser-

$$= 2 \text{ children} \times (52 - 12 \text{ weeks}) \times 5 \text{ days/week} \times \frac{1}{2}\text{-day period} \\ 40 \text{ pupils/class}$$

$$= \frac{200 \text{ LDs/year}}{50 \text{ pupils}}$$

$$= 5 \text{ LDs/year}$$

In terms of money (January 1988 levels), this would amount to:

$$= 5 \text{ LDs/year} \times \text{P550/LD}$$

$$= \text{P2,750/year}$$

If we deduct the instructional portion that is no value to the laboring household (but because of its miseducational character, is of service and value to the semi-feudal lord class) then we get even a smaller figure than this.

Compare this to the estimated P17,000 per year extracted as taxes from each laboring household. Based on this estimate, only roughly 16 per cent (P2,750/17,000) of the tax-money rural laboring households give up to the semi-feudal state returns to them in the form of services. The Semi-feudal state fleeces from rural laborer households an average of P14,250 per year in oppressive taxes.

vice rural laboring households usually enjoy is public instruction, usually in the elementary grades. In our calculation of its value to laboring households, we pertain only to that instruction which enhances the labor-power of the student, and exclude that which merely miseducates them.

If we grant that 2 children per household are studying in public school for a half-day period, 5 days a week, with a three-month vacation period yearly and an average class size of 40 pupils, given the average socially necessary labor for teaching, we would approximate the following average value of instruction-services:

Since the broad majority of households of rural laborers remain bound to means of production and/or subsistence, work on a small-scale and/or rely mainly on subsistence production, the unpaid taxes they render to the semi-feudal state is semi-feudal unpaid labor or value.

Here we see oppressive taxation as a form of semi-feudal bureaucratic overpricing.

In the case of urban laboring households, only a small fragment of the tax money they pay similarly reaches them in the form of state-services.

The meagre state-service they consume usually take the form of:

- use of roads, bridges, ports and airports built and maintained by workers hired by the semi-feudal state.

This service may be estimated through the following computation:

$$= \frac{\text{present and past labor in constructing and maintaining of say, a kilometer of road, etc. for a year}}{\text{estimated number of year this is expected to last} \times \text{number of persons on the average expected to use and ride through this kilometer of road per year.}}$$

Since the lower figure of persons expected to use the road within a year can be expected to be large, we can project a small amount of value to represent the road state-service consumed by each laboring household for each year.

- We can calculate the value of garbage-collection service in a likewise manner. However, as in road-service, this amount of value is not expected to be substantial. In many cases, agencies of the semi-feudal state do not collect garbage unless they receive bribes from the garbage-owning residents. In this instance, the bribe becomes another form of bureaucratic overprice-profit for the bribe-taker. In other cases, the state does not collect the garbage at all.
- Urban laboring households occasionally consult doctors in public hospitals, sometimes for a small fee. When the value of the consultative-services exceed the value corresponding to the fee, it appears that the urban laborer-patient enjoys a net unpaid service equal to the difference between the two values. However, we must view this particular state-service in the context of the overall taxes paid by and state-services rendered to these laboring households that consult doctors of state-hospitals. Based on our estimates, what appears to be a net unpaid consultation-service will be dwarfed by the huge

deficit in unpaid labor in the form of unremunerative taxes.

Water and electricity provided by state-personnel are paid for (in fact, in the case of at least electricity, at an overprice), so these goods do not enter our calculation.

At any rate, we can perceive that the urban laborer households suffer likewise from the overpricing of state-services supposed to be paid for by taxes. In the case of small-scale urban laborers possessing their means of production — and/or subsistence, the overpricing-profit in state-services they give up to the semi-feudal state is semi-feudal.

On the basis of this analysis, we reckon that the urban laborer households give up to the semi-feudal state unpaid labor in oppressive taxes at least P14,250 per year estimated earlier.

A recent World Bank study published in 1988 estimated that 27 per cent of the take-home pay or income of Filipinos goes to the state as indirect taxes built into the prices of commodities they buy. Using our generous figures of 16 per cent of taxes returned to Filipino laborers as state-services, the percentage of take-home pay of Filipino laborers that goes to unbeneficial taxes will amount to:

$$= 27 \text{ per cent} \times (100 \text{ per cent} - 16 \text{ per cent})$$

$$= 22.68 \text{ per cent}$$

In the case of overprice-profits of the foreign and local semi-feudal lords, these are partly transformed into state-services that they enjoy. In the example of the oil companies, a certain part of the initial overprice profits roughly 30 to 40 per cent of the revenues, or P 1.50 to P 2.00 out of the average P 4.60 per liter overprice in 1988 is sent to the state as taxes. Based on our conservative figure of an average 84 per cent of taxes benefiting only the semi-feudal lord class, roughly P 1.25 to P 1.70 of the overprice-profits privately appropriated by them is converted into overprice-profits collectively or "publicly" appropriate as state-services. Only a measly P0.25 to P0.30 (like-

ly to be inflated, considering the generous estimate of actual state-services in our calculation) goes to the laboring classes ultimately responsible for generating the taxes of the semi-feudal state. A net conservative figure of P4.35 to P4.40 per liter of refined petroleum product (P4.60 — P0.25 or P0.30) corresponds to its actual overprice, based on the prevailing 1988 price levels and value of money.

Several factors converge to create a seeming paradox: the semi-feudal state is perennially saddled with a budget deficit and on the brink of bankruptcy despite the magnitude of taxes, to wit:

- The outflow of dollars due to unequal exchange and heavy state borrowing naturally drains a big amount of state funds.
- The foreign monopolies, enjoying tax favoritism in the form of tax exemptions, and holidays, on the basis of the Marcos and Aquino policy of anchoring the Philippine economy on attracting foreign investment, corners and disproportionate share of the superprofits and denies its own local state-machinery of funds.
- The budget tends to be bloated since the semi-feudal state employs parasitism to provide a reformist solution to the otherwise explosive unemployment problem. Bureaucracy, or the development of a labyrinth or overgrowth of organization structures, layers, regulations and procedures, serves not only to somewhat insulate the upper-level state functionaries from the influence and interference of the general public, but also to lay down an organizational framework for this parasitism.

Foreign monopolists have every now and then complained about the growing state bureaucracy. But the World Bank-masterminded plan of streamlining the bureaucracy through "reorganization" and lay-offs (a scheme which President Aquino has adhered to since campaigning in 1985) has stirred up mass discontent and generated even more unemployment. As a

result, the Aquino regime, failing and refusing to pursue a genuine land reform and national industrialization program would solve the unemployment crisis, has put the WB brainchild in the freezer.

Semi-feudal states in the snow-balling frenzy to arrest the growth of liberation movements of the people try to squeeze more taxes out of them for "counter-insurgency" purposes. In the process that parallels the feudal crisis, the decay of the medieval state and peasant revolts in Europe, these states acts as deadweights growing bulkier and heavier, dragging the majority of the people deeper into poverty, and arousing their intensifying opposition to neo-colonial, semi-feudal rule.

3. The Nature of the Services of the Semi-Feudal State

The semi-feudal lords in the private firms or sector of the Third World give up parts of their merchant, industrial and moneylending profits to the state as taxes. These are then converted into, among others, payments for personnel, materials and equipment that in turn are used to produce a variety of state services. While the laboring classes are the real source of the tax money, and are thus supposed to be the main beneficiaries of these services, these services are overwhelmingly directed at both the "private" and "state-based"

feudal lords. Therefore, that part of the unpaid labor falling into the hands of the semi-feudal lord class is transformed into state-services which they consume.

Educational System. In most backward Asian, African and Latin American countries much of the instruction in public schools, especially in the "social sciences" perform two functions: (a) it seeks to keep hidden from the exploited the underlying threads of semi-feudal, semi-colonial oppression that lie behind the surface of everyday experience; (b) it seeks to appear favorable to the exploited. This miseducation strives to make the oppressed approve of or passively tolerate their condition, and to allow the semi-feudal lords to dictate to the laboring classes the policies that govern the relations of production.

In that sense, this kind of "social science" instruction directly benefits at most those elements among the laboring classes who eventually are trained as the instructors, managers, analysts, writers in the direct service of the semi-feudal class. It is they alone among the oppressed classes who are able to make use of this "science" for their own benefit. Only when this "social science" is critically evaluated, and used as material for enhancing scientific analysis and education does it serve the laboring classes in an indirect way.

Ruling Third World private and public educational systems are usually geared to developing the labor-power of the peasant, semi-

proletarians, proletarians, and petty bourgeoisie for production and exchange that is mainly semi-colonial and semi-feudal in nature. While these laboring classes consume the educational services that enhance their capacity to work, they get to enjoy only a small fraction of the fruits of their labor-power consumed in production and transformed into labor. While developing their labor-power to a restricted extent, such an education serves a social system whereby this labor-power is primarily exploited by the semi-feudal lord class, rather than utilized for the greater common benefit and progressive development of the laboring classes themselves.

Military Service. The Military service of the semi-feudal state in "underdeveloped" countries is generally of no use-value and therefore has no value to the people. It seeks on the other hand to deprive them of decision-making powers over the entire spectrum of their lives. The military component of this state usually functions as a tool in defending in the power of the big semi-feudal landlords, traders, bankers, hiring-investors and gamblers. Under the direction of higher-ranking officials, Third World military rank-and-file and junior officers often practice extortion and plunder on the peasants and other laboring classes and subject them to various forms of terrorism including murder or detention of suspected supporters of the revolutionaries. Top brass in the localities have been known to be recipients of "take" or "tong" (protection money) for the continued operation of gambling, prosti-

tution and other vice dens that further deplete the income of peasants and other laborers. By such **modus operandi**, the high-ranking military officials enter the ranks of the big semi-feudal lords.

Even the foreign advisers of the semi-feudal Third World military organizations admit that the great bulk of their personnel is neither involved in combat operations nor currently engaged in any training. This idle and predatory character of the semi-feudal military shared to some extent by Third World civilian bureaucracies reveals a special role that the state of various levels and in various departments takes on: the practice of parasitism involving the cultivation of petty-appropriators of the semi-feudal surplus among military personnel.

This dole-out system acts as a safety valve for the country's unemployment crisis and a way of cultivating patronage and canine loyalty among the ranks of the military.

Regulatory Bodies. The services of the Third World state bodies (defense, agriculture, labor, justice, land reform, foreign relations, finance, industry, trade and health) that regulate the semi-feudal, semi-colonial activities in "underdeveloped" societies do not benefit the laboring classes.

Their ministries/departments of national security and defense are assigned the following tasks:

- Regulate the distribution of the

overpriced military equipment (helicopters, bullets, tanks, armed personnel carriers, uniforms, boots, etc.) sold to the military; and

- Regulate the training and the fielding of spies and informers in military operations in defense of the semi-feudal lords control over labor-power.

While many regimes in Third World "underdeveloped" countries have advertised as one of its major goals the "liberation of the peasantry from feudal bondage", these merely oversee through land reform ministries/departments the following:

- in areas covered by "land transfer" schemes, conversion of formal into informal semi-feudal land rent in the shape of amortization payments for land which the peasants themselves cleared, cultivated, developed and thus gave value to;
- in the areas covered by "leasehold" programs, conversion of semi-feudal partiy into quit-rent;
- subdivision by landlords of land parcels among relatives, cronies and dummies to circumvent high land retention limits, not to mention exemptions, deferments and other convenient loopholes in land distribution; and
- formation of "land reform" committees or councils that remain under the domination of

the semi-feudal state-bureaucracy and deny peasants real initiative and policy-making powers. These aim to draw agricultural peasants into the fold of reformism: the use of reforms or reform-oriented activities to lull laboring classes away from the essential pursuit of fundamental social change.

The ministries/departments of labor relations and employment administer the following:

- among industrial workers, maintenance of low wage levels chronically depressed by semi-feudal production through subsistence economies, its downward pull on hiring rates, perennially chronically large and growing unemployment and underemployment and its resulting downward pull on hiring rates;
- among small-scale laborers possessing means of production and/or subsistence, maintenance of low pay and high rates of hiring-exploitation;
- exporting labor-power cheapened by semi-feudal conditions;
- perpetuation of inhumane work conditions involving atrociously high production quotas, disease-causing and unsafe environments, job drudgery, insecurity, and meagre social security benefits; and
- facilitating union-busting through legalization of company unions, and strike-breaking through "back-to-work" orders,

dismissal of union officers, lock-outs and decisions unfavorable to workers.

The ministries/departments of agriculture merely regulate the following:

- the distribution of overpriced imported agricultural equipment and materials (fertilizers, pesticides, pumpboat engines, water pumps, etc.) and the extraction of semi-feudal overpricing profits;
- the maintenance of underprices for farm and fishery products and the extraction of semi-feudal underpricing profits; and
- import of overpriced surplus rice, wheat, yellow corn, soybean, meat, milk and other agricultural products from the U.S., Canada, Australia and Europe that stifle local production and drain Third World countries of resources for potential capital.

The ministries/departments of health care watch over the following:

- distribution of overpriced drugs sold by the foreign-dominated drug monopoly. In the Philippines, the addiction for drug imports has so grown that over half of the Department of Health budget (P7 billion in 1986) goes to the purchase of overpriced imported medicines; and
- to some extent, the Philippine DOH enjoys the apparent

saving grace of having moved for a number of reforms within the industry. These include listing down of the generic apart from the brand name of the drug in both the label and doctor's prescription, plus severely limited local production of a few herbal drug ingredients and products. However, this itself will by no means cure the malignant cancer that is the foreign drug monopoly and the semi-feudal exploitation that runs through the Philippine public and private health care system.

The ministries/departments of justice supervise the activities of the courts, which mainly carry out the following tasks:

- settle disputes among the semi-feudal lords themselves -- in many cases, in favor of the highest bidder;
- decides cases against peasants, semi-proletarians, proletarians, petty bourgeois and national-capitalists and semi-capitalists in contention with semi-feudal lords. Exemplifying this trend is the favorable opinion rendered by Secretary of Justice Sedfrey Ordonez for President Aquino to allow nuclear weapons in the country and lay the country wide open for a nuclear holocaust triggered either by an accident or in retaliation against a military provocation.

Ministries/departments of finance or the exchequer are task-

ed to:

- continue to adopt a mendicant posture vis-a-vis foreign bankers and to promote the tightening stranglehold of foreign debt and WB-IMF impositions' on Third World Societies;
- collect taxes and other means of revenue to fund the operations of the semi-feudal, *comprador* state;
- regulate the banking system that acts as an oiling mechanism for keeping semi-feudal production and trade flowing, and as an additional suction device for exploiting laborers and reappropriating unpaid labor among the semi-feudal lords.

The customs bureaus, assigned the task of collecting tariff duties from the importation of overpriced goods, are a big source of funds for state operations. Under the direction of syndicates, semi-feudal importers regularly bribe customs officials to allow the passage of imported commodities at reduced tariff payments or engage in outright smuggling. This falls in line with the propensity of the big comprador "bourgeoisie" (in the loose sense of the term) or semi-feudal compradors to maximize their after-tax semi-feudal profits and still enjoy the same amount of state-services. The corrupt customs officials have no qualms about these operations seeing the huge amounts of semi-feudal profits for the importers they serve and looking into opportunities for their own personal gain.

Immigration bureaus, commissions or departments are supposed to prevent the illegal entry of aliens into Third World countries. Many of them have migrated to the Philippines to earn or find their way into the big semi-feudal lord class in "legitimate" and "illegitimate" lines of business (including prostitution and drug trafficking).

Central banks or monetary authorities in "underdeveloped" countries are supposed to:

- regulate the foreign currencies and dollar reserves used for unequal exchange with an unequal flow of value to capitalist countries (though it often works alongside and in collaboration with an "illegal" dollar blackmarket. It manages the channelling of dollar dividends and royalties to the mother companies of local subsidiaries, interest payments to the foreign banks, and payments for overpriced imports to monopoly industrialists and traders;
- oversee the growing domination of the local banking and insurance system by the big partnerships between foreign monopoly bankers and insurance profiteers, on one hand, and the local compradors, on the other;
- house the local office of the International Monetary Fund and through its top officials such as Governor Jobo Fernandez plays the role of local IMF spokesperson and advocate;

- like the other government banks, serve as conduit and guarantor of foreign loans for overpriced imports and largely semi-feudal production;
- oversee the massive use by foreign banks of local peso savings and surpluses as operating capital for local colonial trade and merchant-profit oriented industries.

The ministries/departments of budget are tasked with:

- the circulation of funds representing mostly semi-feudal unpaid labor to the various agencies and offices of the semi-feudal state; and
- the allocation of "counterpart" funds of the semi-feudal state to finance projects partly funded and directly supervised by foreign lending agencies.

The economic or "development" planning ministries/departments are supposed to help:

- manage the inflow and distribution of overpriced foreign services (consultancies, education and training), equipment and other commodities in general by way of state projects funded through "development loans" from the World Bank, United Nations Development Programme, Asian Development Bank, U.S. Agency for International Development, Overseas Economic Corporation Fund, the European Economic Community, various European

governments and foreign big banks;

- facilitate direct strategic control by foreign big bankers and managers of state operations and services and to ensure that funds go to upholding neo-colonial, semi-feudal production;
- foster the myth of "aid" to Third World peoples regarding what is really assistance to the semi-feudal state in servicing the foreign and local big compradors; and
- propose for the approval of the executive and legislative bodies "development" plans, policies and projects that contribute to keeping neo-colonial, semi-feudal production dominant in Philippine society.

The ministries/departments of state or foreign affairs assume the following responsibilities:

- entice foreign investors and traders with such incentives as low hiring rates, tax holidays and discounts, and suppression of strikes and guaranteed repayment of loans;
- monitor the export of cheap labor-power;
- conform to U.S. State Department policy thrusts such as refusal to recognize the Palestinian state and Namibia;
- cultivating loose military ties with fascist governments such

as that of Israel and Indonesia; and

- promote the unequal exchange of goods with monopoly-capitalist countries.

The current special role of the Philippine counterpart is to work out arrangements that in a trade-off for continued support for the stay of the U.S. military bases in the Philippines, the U.S. state would dole out hundreds of millions in dollars to the cash-strapped Philippine military and civilian state-bureaucracy each year. What is papered over in this deal is these grants are a mere drop in the bucket of the tens of billions of dollars in superprofits flowing out of the country to foreign monopolies annually. Further glossed over is the fact that the semi-feudal state uses these subsidies to provide services largely for foreign businesses in the Philippines themselves. Compounding this deception is the fact that a larger part of this so-called U.S. "aid" consists of loans for overpriced U.S.-made armaments, equipment, consultancies and other imported commodities. In the much-ballyhooed agreement signed by Secretaries Manglapus and Schultz in 1988, the grants of \$481 million each for 1990 and 1991 are accompanied by a package of oppressive loans amounting to \$1.27 billion-- this in exchange for a semblance of national dignity and sovereignty over 60,000 hectares of rich agricultural Central Luzon lands and 15,000 hectares of fishing waters now occupied by the U.S. bases.

The ministries/departments/bureaus of tourism aim to:

- attract tourists to a large extent by maintaining a huge prostitution network that in the Philippines alone is estimated to involve more than 100,000 women and men, adults and children. (This has also earned for Manila the monicker "Sin City of Asia" among foreigners;
- convert the country's beaches and resorts into havens for foreign jetsetters sex-tourists and pedophiles; and
- build-up the foreign exchange reserves of the country in order to buy overpriced imports.

The departments of public works perform the function of:

- regulating the distribution of overpriced imported construction equipment, materials and services; and
- supervising the building of roads, bridges, ports, airports, "free trade zone" facilities to speed up the unequal trade and colonial investments.

The ministries/departments of transportation and communications services needed in semi-feudal production in charge of overseeing:

- the distribution of overpriced imported automotive, shipping and aviation equipment, parts, fuel and lubricants;
- the circulation into the country

of overpriced imported communications equipment and parts; and

- the provision of transportation and communication services needed in semi-feudal production.

The ministries department of industry and trade play the following roles.

- while grandstanding that their respective "underdeveloped" societies are ready to take off into capitalist development ala Taiwan and South Korea, it continues to implement the "import liberalization" policy dictated by the foreign monopoly bankers through the World Bank and IMF. This has let loose an avalanche of imports that has buried or pinned down many Third World industries that used to enjoy even a small amount of protection in the past and which are very much capable of supplying the national market. In the Philippines, the importation of sardines and overpriced sardines that has badly hit the local fish canning industry and food production for domestic consumption;

- drumbeating for the sale of Third World-manufactured goods. What the sponsors of these campaigns hide from the public is the reality that a great majority of these commodities they are promoting are in fact products of the limited, overpriced - imported - input - dependent, foreign-dominated and overprice-profit-oriented indus-

tries in the Third World;

- implementation of the so-called "development" plan. The current Philippine "development" plan discards even the few show-case industrial projects that cropped up during the Marcos era and effectively relegates token expansion of the country's already stunted industrial production to the background. Taking the cue from the foreign monopolists who have closed the door to any further capitalist development along the lines of the four "Asian dragons", this program renews emphasis on the production and export of underpriced raw materials as the supposed key to nursing the semi-feudal Philippine economy to its normal pre-1983 state. Rather than capitalist, the development espoused is semi-feudal development -- growth and expansion of semi-feudal, semi-colonial production; and
- the organization of "development" or "peoples" councils supposed to embody "economic democracy" by regularly consulting local businessmen and involving "non-governmental organizations" (NGOs). The most this scheme achieves is a wider scope of effective participation in planning and feedback among semi-feudal lords themselves for semi-feudal production and trade projects. By mobilizing private, foreign-funded agencies and foundations in "government-NGO" collaborative ventures, the states hope

to tap more sources of foreign financing and bring in more people and organizations within the orbit of semi-feudal reformism.

The ministires/departments of environmental protection and resource management and natural resources are tasked to:

- regulate the depletion of the gold, iron, copper, chromite, petroleum and other non-renewable mineral resources and their transfer to the monopoly capitalist countries for use in industrial production;
- oversee the pillage of Third World forests for timber, almaga, guano and other export products. (Scientists estimate that at the rate Philippine forests are disappearing -- roughly 100,000 hectares a year -- the Philippines will lose all forests by the year 2008; and
- create appearances that the semi-feudal states are addressing the issue of environmental pollution in a satisfactory way, while pampering the foreign-dominated logging, mining, sugar milling, paper milling petrochemical, automotive, and cigarette businesses mainly responsible for the despoilation of the Third World's ecology.

The information or press ministries/departments are tasked to:

- deodorize the stench of poverty, corruption and elite power, and project the image of the

neo-colonial, semi-feudal state as the "champion of the people's prosperity, democracy and human rights". (In the long run, this task is especially difficult since it is aimed at propagating an illusion that is the direct opposite of reality.);

- misinform the public by covering up the truth of semi-feudal land neo-colonial exploitation and oppression;
- regulate the domination of mass media by foreign monopoly corporations through advertising;
- monitor the maintenance of radio, TV, video, publications and movies as tools for desensitizing the public regarding semi-feudal, semi-colonial realities within and outside their Third World countries; and
- monitor the distribution of imported overpriced radio, TV, video, printing, and movie equipment and materials (TV shows, filmclips, films, news releases, magazines, books, newspapers and video tapes).

The presidencies and prime ministries are in charge of coordina-

ting all the abovementioned activities of the present semi-feudal bureaucratic state. Aside from orchestrating the executive department, president assumes a special, overriding role in the state apparatus that carries with it additional responsibilities:

- having a substantial say in the making and passage of the laws that regulate semi-feudal production. Third World presidents are often able to sway the majority of members of the legislative into supporting or rejecting certain bills. Making this possible is a system of patronage whereby the President supports the electoral chances and private business opportunities of individual Congresspersons as favors in return for endorsement or opposition to various measures and policies. This clout of the President stems from her or his ability to divert funds to and away from programs or projects within the domain of particular Congresspersons through decisions on regional, and district spending priorities of the national executive departments.

- as Commander-in-Chiefs, Third World presidents and prime ministers — usually in consultation with military and political advisers from the Pentagon, the U.S. Central Intelligence Agency and the U.S. State Department — are generally supposed to direct the efforts to derail any resistance movement against semi-feudal, semi-colonial oppression.

President Aquino has been instrumental in the policy of setting up the Civilian Auxiliary Force Geographical Unit (CAFGU) despite the Constitutional provision disallowing and dismantling all paramilitary groups. In this decision, she follows the advice — solicited or unsolicited — of Pentagon to establish a network of terror based in the urban and rural poor communities;

- chief executives of Third World "underdeveloped" countries are supposed to lead the image-building and glamorization efforts of their respective semi-feudal states by "symbolizing Third World democracy." Behind this farce of "electoral democracy" lies the reality that elections in "underdeveloped societies are far from democratic:
 - the electoral choices especially for President, Vice-President, Parliamentarians and Congresspersons, with a few exceptions, belong only to the big semi-feudal lord class, who have the personal family fortunes or the backing of wealthy benefactors from their own class or their own state to carry out an electoral campaign.
 - the majority of Third World people who are as yet not aware of the semi-feudal, semi-colonial realities have no real choice and are not actually free to decide on their representatives.
 - in many cases, even those voters who do recognized the semi-feudal, neo-colonial conditions that beset them are impelled by their poverty and electoral cynicism to sell their votes.
 - others, harassed by the semi-feudal military or warlord armies fail to cast their votes, or write down choices on the ballot against their will.
 - candidates who profess a dissent against the semi-feudal, semi-colonial system become victims of terror and cheating.

A major law President Aquino largely shaped with the help of her brother Jose "Peping" Cojuangco, Jr. is one the current Speaker of the House Ramon Mitra, Jr. has considered the Congress' main achievement thus far: the Republic Act 6657. That guides the Comprehensive Agrarian Reform Program (CARP).

Through her decrees nos. 227 and 228, she paved the way for Congress to enact an "agrarian reform" law that allows the big landed-estate owners to make a show of "agrarian reform" by forming agricultural corporations and distributing shares to laborers in place of offering land parcels for sale. This move preserves for the Presidential family real corporate control over the land and the pre-capitalist profits it now enjoys from its 6,000 hectares Hacienda Luisita. This law also perpetuates the right of foreign agri-business firms such as Del Monte, Dole, Sumitomo, Sime Darby, Goodyear, and Guthrie to lease as much private Philippine lands as they can at token rates. Under the leaseback option, spearheaded by Del Monte and Dole farmers paying amortizations to the state or private land-owners lease out their lands for paltry sums, while hiring themselves out for subliving levels of pay. While they nominally own the land, they forfeit actual control to these foreign and local agri-business companies, which dictate what to plant and how much they receive as hired laborers. It thus gives its blessing to foreign monopolists to directly exploit Filipino poor peasants and semi proletarians, while depriving Filipinos of effective control of the land and the bulk of the fruits of their labor.

- With the help of image-bloating mass media support, chief executives are expected to act as the premier apologists of the semi-feudal, semi-colonial dispensation. Seeking patronage from the U.S. big bourgeoisie, many Third World presidents and premiers have been openly or behind the scenes endorsing the retention of the U.S. military bases in Asia, Africa and Latin America.

The Third World legislatures and constitution-making bodies commonly produce and issue the semi-feudal, semi-colonial legal framework expected to guide or regulate the activities of the semi-feudal lord class. That the current Philippine Congress has singled out its so-called agrarian reform law as its hallmark product points to its distinct semi-feudal, semi-colonial orientation.

Though the semi-feudal politicians make it appear that under what they call "constitutional democracies," the "underdeveloped" Third World societies are "societies of laws, not of men," Third World legislation is not as sacred as they make it out to be, for the following reasons:

- these laws more often than not have served to merely formalize or institutionalize standard operating procedures that have already been going on in society for some time without the benefit of formal legislation; and

- in many instances, the semi-feudal lord class violates its own laws or the laws of its own state, often with impunity.

In the Philippines, long after Republic Act 3844 of former President Macapagal and the Congress in 1963 was supposed to have abolished share tenancy, it continued to flourish, especially in areas where war-lordism remains rampant, as in Cagayan Valley.

Even presidents are not immune from tampering with their own constitutions. Simply dismissing the constitutional mandate to dismantle the Constabulary Home Defense Forces (CHDF) and "private armies," President Aquino renamed the CHDF as CAGU and brought in to its fold many "vigilante" groups responsible of widespread human rights abuses and violations.

Even with laws that penalize corruption, members of the semi-feudal lord class practice bribery, kickbacks, technical and outright smuggling, misdeclaration of taxes, and circumvention of land retention limites are a way of life.

- the laws are often made so vague enough that these can be interpreted to legitimize a wide variety of contrasting measures.

Several Philippine Constitutional Commission members have admitted that they deliberately inserted the phrase "consistent with the national interest" in the provision

banning nuclear weapons in the country to "allow a degree of flexibility" that would leave the door wide open for justifying retention of the U.S. bases in the Philippines.

The Philippine Lower House is highly representative of the semi-feudal lord class, to whom most of its 200 or so members belong. In its ranks are leading lights among the semi-feudal sugar barons (presidential brother Peping Cojuangco of Tarlac, Hortencia Starke and Ramon Guanzon of Negros), coconut landlord-traders (Maria Clara Lobregat of Zamboanga who is head of the coconut landlords' association) rice landlord-traders (Eduardo Joson, of Nueva Ecija), loggers (D.O. Plaza of Agusan del Norte), ranch-owners (Speaker Mitra himself and Jose Zubiri of Bukidnon), and Moro landlord-warlords (Ali Dimaporo of Lanao del Sur).

The officer President Aquino assigned to liaison between Malacanang and Congress is a big banana plantation magnate from Davao, Jesus "Chito" V. Ayala. Many other members of the Lower House are lawyers with proven track records of service to individual big semi-feudal lords or retainership for semi-feudal corporations.

Receiving small fortunes in salaries, allowances, bonuses and junkets that ultimately represent the labor of peasants, proletarians, semi-proletarians and petty-bourgeoisie, these top-level officials of Third World "underdeveloped" states with a few exceptions contribute hardly anything to the sources

of their income, as well to the majority of their constituents by way of nationalist and anti-feudal laws and services. On the other hand, they render a distinct disservice to the broad majority of the working taxpayers from whom they get their salaries, and allowances by opposing genuine agrarian reform and Third World industrialization.

Despite the clear nationalist and anti-feudal stand of a handful of representatives in Third World "underdeveloped" countries, their progressive stance can hardly make a dent on the overall semi-feudal, semi-colonial character of the legislation of their respective countries, much less on the actual relations of production, within the framework of the ruling state system.

The representatives of the comprador, semi-feudal lord class in the Third World executives, legislatures, judiciaries, an overwhelming part of the Lower House, and the military establishment enjoy a decisive and grossly lopsided edge over the mere handful of representatives of the people — peasants, semi-proletarians, proletarians, petty-bourgeoisie, national semi-capitalists and national-capitalists.

Given the orientation of the services of Third World semi-feu-

dal states and the class control over their policies and operations, their "public" or "government" components together with the private traditional power and controlling structures outside "government" in city, town and countryside -- represent the organized rule of the semi-feudal lord class - not of the people.

In the Philippines, the record of the legislature, not to mention the other branches of government, has been dismal, to say the least, terms of service to the great majority of the Filipino people, but splendid in terms of serving the foreign and local semi-feudal oligarchy.

Only a tiny section of the legislature has distinguished itself by rejecting a 3-year economic program dictated by the foreign monopoly banks and the IMF. This economic blueprint contained in the letter of intent (LOI)/memo of economic policy (MEP) to the IMF consigns the country to a vicious downward spiral of "underdevelopment". The miniscule minority has also registered its opposition to the retention of the U.S. military bases, although pressure from President Aquino and the U.S. big business establishment may cause a number of them to buckle down and change position.

C. NATIONAL CAPITALIST MODE

A national capitalism that generally fosters capitalist accumulation primarily in the enterprise-capitalists' home-country has sprung up in most countries of the Third World. Along with it has emerged a national bourgeoisie — primarily deriving unpaid labor from capitalists production and primarily reinvesting its profits in capitalist production in the national home-base.

Such a development has often taken place especially in the wake of temporary import controls instituted to stem the periodic hemorrhaging of dollars that threatens to cause a collapse of the unequal exchange relations. In the Philippines, during such a turn of events in the early 1950s, many national enterprises and capitalists flourished only to face bankruptcy in the early 1960s when import decontrol let loose another flood of overpriced imports.

These spurts in national capitalism have appeared likewise during times of severe inter-imperialist conflict that have somehow tended to loosen the colonial grip on the economy. World War II has been said to have provided Latin American national businesses the climate to grow significantly.

However, generally, national capitalism and the national bourgeoisie in the Third World have suffered greatly the effects of stunted

development due to a combination of factors:

1. This type of mode of production has been battered by the deluge of overpriced imported goods that directly compete with those produced by Third World national enterprises. Many of these infant industries in fact have folded up, having failed to cope with the advertising, marketing-financing schemes and price wars of their imperialist counterparts.

Working against the development of a strong distinct national bourgeoisie has been the reality that a big proportion of the proprietors of the national capitalist business are also and often primarily importers and wholesalers of overpriced foreign-made products. The Palancas for instance who own majority shares in La Tondena that produces local rum also import various brands of liquor.

The del Rosarios who own Viva Films, a movie-making company, are at the same time importers of Western-made films. Now and then, local textile manufacturers in desperate straits have been said to resort to smuggling Taiwanese and Hongkong-made textiles to keep themselves afloat.

Other national capitalists have chosen to be co-opted outright by the foreign competition. These have included the Teodoros who used to own the leading local shoe company but who now have joined the German shoe corporation, Puma, as its Filipino partner.

2. National industrial finds itself oppressed by the overprice of imported or heavily import-dependent inputs, by the burden of servicing foreign debt and paying taxes to the semi-feudal state that protects foreign monopoly capital instead. The national enterprises have been feeling the crushing effect of the exorbitant costs of imported fuel, various machinery and equipment. Heavy import costs have drained much of the capitalist surplus value that could have gone to reinvestment in Philippine capitalist industries.
3. Another source of the flabbiness that distinguishes the national capitalist mode has been the reliance by proprietors of national bourgeoisie concerns on semi-feudal profits from buying underpriced raw materials and from selling their goods at an overprice. This has helped them survive the beating they receive from having to pay for overpriced inputs and interest for foreign loans.

The mercantile monopoly tradition of the big business families in the Philippines and most of the rest of the Third World, plus the pressure exert-

ed by the overprice of imported inputs have in many cases impelled owners of national capitalist enterprises to organize cartels and overprice their own products.

This has created in a single enterprise a composite of modes of production: capitalist (usually in the area of manufacturing) and semi-feudal and/or semi-capitalist (in the underpricing of raw materials and overpricing of goods sold).

A national capitalist mode has also grafted itself upon a semi-feudal mode, especially when the enterprises is dependent on underpriced raw materials arising from semi-feudal production. We see this in the case of rum manufacturing based on underpriced molasses from semi-feudal sugar production; rattan furniture making based on underpriced, unprocessed rattan sold by small-scale, tool-possessing rattan gatherers; cooking oil manufacturing (based on underpriced copra or crude coconut oil); and, canned fish production (based on underpriced fish bought from subsistence fishers

4. The national capitalist mode is hampered by the monopoly exercised by foreign financial-industrial capital over Third World sources of raw materials, loans and savings, and "skilled" labor-power (technicians, engineers, etc.). In many Third World countries, such as the Philippines, have the national

capitalist entrepreneurs often complain about the shortage of such labor-power that is exported off to capitalist industries abroad.

5. The national capitalist mode remains starved of a broad national market that a semi-feudal mode prevents by (a)

D. THE RURAL SEMI-FEUDAL PEASANTRY IN A SEMI-FEUDAL SOCIETY

1. Rural Peasantry

Both the "Green Revolution" and the "land reform" schemes of the semi-feudal state have not brought about the proletarianization or semi-proletarianization often imagined to be going on in the countryside.

Without enough savings or access to unexploitative credit, many "CLT"-holders have resorted to borrowing under usurious terms from traders, millers, families of well-paid migrant laborers and even their old landlords. Like the much-hated *pacto de retroventa* of Spanish colonial times which victimized freeholding peasants, they have been compelled to hock their "CLT rights" to the loan sharks. Their temporary release from payment of land rent has not, however, exempted them from the burden of buying overpriced inputs, selling their goods at a gross underprice, or delivering a steep interest to their moneylenders. The price squeeze has eventually condemned many of them to forfeiting their

fostering of varying degrees of dependence on subsistence production; (b) channeling of produce to the income of semi-feudal lords, much of which is spent on overpriced consumer and luxury items; and, (c) the restriction of money incomes or paid value of the laborers below the value of labor-power.

landholding rights to their creditors. Though illegal under current "agrarian reform" laws, many of these CLT holders have become actual tenants of their moneylenders, paying the latter a regular land rent.

Thus, semi-feudal usury and monopoly pricing has once more been transformed back into semi-feudal usury, monopoly pricing plus land rent.

The poor peasant-tenant who is turned into an "amortizing owner" reverts to a tenant, this time on a "clandestine" basis.

The counterfeit land reform program has accentuated the tendency of the "Green Revolution" to polarize the peasantry into widening poles of rich and poor strata. Under the "Green Revolution", in well-irrigated areas such as parts of Laguna and Iloilo, the relatively high yields and the pace of hybrid rice production have tended to enlarge the need for weeding, harvesting and threshing labor.

Semi-feudal society has not satisfactorily absorbed new generations of tenant and owner-cultivator families and breakway households in employment outside their rice and corn farms and has pushed them to survive by hiring themselves out for various stages of rice farming.

Moreover, throughout the century, a growing proportion of sons and daughters of tenant and owner-cultivator families have been unable to inherit a part of the already greatly fragmented landholdings of their parents, or find frontier lands to settle on.

These tenants with large landholdings and later big "CLT-holders" as well have tended to rely increasingly on hired laborers to farm their ricelands and to generate a substantial amount of semi-feudal hiring-profits. In some areas like Nueva Ecija, big tenants and CLT holders have been used by rice millers as loan brokers and guarantors (*piyudor*) to small borrowing landholders. This has allowed them to add to their semi-feudal hiring-profits semi-feudal money-lending profits. In places like Bataan province, a big number of CLT-holders have sublet part of their lands to peasants without any whatsoever or enough landholdings. In that sense, semi-feudal land rent has augmented the semi-feudal profits of the big tenants and CLT-holders.

On the other hand, these developments have led to the creation of a large force of seasoned hired riceland laborers who, in between

periods of rice planting, weeding, harvesting and threshing are engaged in various forms of independent and other hired labor.

The overwhelming majority of them either wield their own instruments or in the face of low hired pay, depend as well on their own rice plots, vegetable gardens, backyard animals and other means of survival. As such, the hiring-profits they create are not distinctly capitalist. Neither, on the other hand, are these feudal in the strict sense of the word. However, as a rule, these hired laborers are caught up in a web of feudal bondage to their means of production and/or subsistence. In addition, because of their terribly low pay or cropshare, they often live and work on the basis of a feudal reliance on their own direct production and natural produce for their sustenance.

If not, their level of productive power is still feudal, crippled as it is by its small-scale character.

A large and mounting fraction now of the poor peasantry consists of hired riceland laborer households.

The enrichment therefore of a small section of the rice-growing peasantry and expanding mass of landless poor peasants does indicate a trend of polarization, but not in the sense of *kulakization* or capitalist development, but rather in the context of continuing semi-feudal development, the growth of semi-feudal rich and poor strata.

Corn and rootcrop production

has remained widely feudal or semi-feudal. In small farms, such farming usually involves family and exchange labor alone. The underpricing of corn produce and the widespread tenancy yields for the corn landlord and merchant an unpaid product constant, and paid product variable, with the individual productivity of the labor -- a feudal mode of exploitation. Likewise, corn and rootcrop farmers for consumption, and are attached to their means of production and/or subsistence. The merchant and land-rent exploitation reduces most of Filipino corn farmers to poor-peasant status.

In farms tilled by larger landholders, the use of semi-feudal hired labor tends to create a spectrum of rice, middle and poor peasantry.

Sugar farming has generally followed the semi-feudal pattern of development. Overwhelmingly, the pre-harvesting stages undertaken mainly by the resident hacienda laborers (called *dumaan* in Negros) are feudal technology-wise, trapped within their small-scale proportions. Moreover, they operate within the confines of a feudal bondage to their productive resources.

These feudal elements also operate in the case of a large number of the migrant laborers usually hired for cutting and hauling cane. In addition, a big fraction of these canecutters and haulers belong to tenant households and families who even during the milling season principally subsist on their own rice, corn, rootcrop and vegetable harvests.

In this manner, they resemble the European medieval peasants who produced and sold cash crops, or handicrafts within or outside the guild system, while subsisting in the main on their wheat, barley, rye or millet harvests, vegetable patches and backyard pigs, under these conditions, the mode of circulation that sustains the *sacadas'* labor-power is characteristically feudal. Pressed down by the high hiring exploitation rates in the haciendas, all except for a small fraction of *dumaans* and *sacadas* constitute a poor sugar-growing peasantry and to some extent as well a rural semi-proletariat.

Coconut production is likewise a semi-feudal activity. It is almost uniformly marked by the small-scale labor operations of both the landholders and the hired, and their common bondage to the means of production and/or subsistence. In the case of the Bicol region, coconut land laborers often rely partly on their gabi leaf harvests, coconut (for coconut milk) and backyard pig and chicken production for subsistence. Weighed down by the triple scourge of copra underprice, land rental and low hiring pay, the great majority of households of coconut landholders and hired laborers make up a poor coconut-farming peasantry.

In the Cordillera interior, semi-feudal vegetable and handicrafts production that features the underpricing of the products of the tillers and artisans has grafted itself upon semi-communal rice production characterized by primitive technology and by dissipation of spora-

dic surpluses in rituals and sacrifices. Merchants make a killing by buying the handicrafts and artisanal goods (from blacksmithing, basket-weaving, backstop weaving, etc.) and crops (white beans, coffee, etc.) at a great underprice. Insofar as the surplus labor in the form of merchant profits has exceeded the surplus labor in the form of occasional surplus produce for sacrificial rites, semi-feudalism rather than semi-communalism has already dominated the Cordillera interior.

The people in the Cordillera interior usually rely on their own members in small numbers to farm their vegetable gardens and create their handicrafts. In these areas of production, hardly do they resort to hired labor. They produce for the merchant an unpaid part of the product constant, and for themselves, a paid part, variable with the individual productivity of their labor. Thus, they experience a feudal mode of exploitation. Furthermore, they toil on a small scale and by possession of their hoes, boloes and the land, and rice paddies remain bound to their means of production and/or subsistence.

Beset by the high-intensity underpricing exploitation, those who rely mainly on self-sufficiency for survival continue to form part and parcel of a feudal poor peasantry, and those who already depend on cash income mainly have advanced into the ranks of a semi-feudal poor peasantry.

On various counts, these spheres of Philippine agriculture

manifests the semi-colonialism dominant in most of the Third World.

More than ninety per cent of Philippine coconut products are in the form of copra, copra cake, crude coconut oil and dessicated coconut. Only a tiny percentage leaves the country as refined oil or activated carbon.

During the 1970s, the drive of the monopoly bourgeoisie to bring down sugar prices by hiking European sugar beet and U.S. high-fructose corn syrup production, and the encouragement of a wide number of Latin American and Asian countries to feverishly outdo each other in growing sugarcane, spawned a big glut in sugar and its substitute sweeteners. The big crash in world sugar prices which favored the big monopoly industrial raw sugar buyers forced the Philippine sugar barons to concentrate on domestic sale of sugar. The majority of Philippine raw sugar is now sold locally.

However, almost all sugar exported remains in the raw form, as centrifugal sugar, still to undergo a process of refining in the capitalist countries to where they are exported.

The commercial and subsistence lines of agriculture are greatly made dependent on farm inputs such as farm machinery, fertilizers (especially urea which is nearly 100 per cent imported) and pesticides. There is no comprehensive coco-processing industry (including the widespread production of cocochemicals or natural beverages in place of imported chemicals and softdrink syrups)

that will absorb most of coconut harvests in local production. A relatively small percentage allotted to local processing is one-sidedly concentrated on soaps, detergents and cooking oil. Neither is there a comprehensive sugar processing industry (as in the production of alcohols, bagasse pulp and paper, natural beverages and brewer's yeast).

In export as well as subsistence crop production, semi-colonialism rears its ugly head in the shape of unequal exchange, as shown in our computation of the underprice of sugar and coconut exporters, and the overprice in fertilizers and pesticides.

Much of the unpaid labor generated in Philippine agriculture is lost to capitalist countries by means of, aside from unequal exchange, net interest payments for foreign loans, dividends repatriated to foreign stockholders and colonial capital flight.

The Philippine and other Third World peasantries are therefore not only feudal or semi-feudal peasantries but also colonial ones.

2. Fishing Peasantry

Though modern Japanese and Taiwanese fishing boats ravage the Philippines seas mainly for tuna and prawn in capitalist operations, the great bulk of Philippine fishing production remains semi-feudal.

Subsistence or municipal fisherfolk, working on the shoreline with their own or rented bancas (outriggered dug-out boats) produce

more than 60 per cent of the recorded seafood catch in the Philippines. They are prey to appropriation of a constant unpaid part of the product (relative to the productivity of the labor that produces this) including underprice of the catch, overprice of the boat fuel and land-rent in the form of payments to concessionaires.

The underprice of the catch is a definite, constant percentage of its value — indifferent to the productivity of the fishing labor that produces it. The overprices of the diesel fuel likewise yields for the oil companies a definite, unpaid part of the product constant in the face of the individual productivity of the labor.

Under Presidential Decree 904 carried over from the Marcos into the Aquino regime, concessionaires who pay a license and tax to the state acquire a monopoly over the bangus (milkfish) fry in a given area of fishing grounds. Fishers of bangus pay a certain share of their catch to the concessionaires. This is a variety of land rent (the sea being an extension of the land) whereby its recipients (the partnership of the private concessionaires and the semi-feudal state) do not perform any labor in producing the fish catch and merely wield a feudal monopoly over part of the sea and fisheries. (In fact, the semi-feudal "bourgeoisie" and its state despoilate the fisheries through their pollution, by their industrial wastes and ecologically-destructive commodities.)

On the other side of the coin, the paid part of the product going to the fisherfolk varies with the productivity of the fishing labor that creates their income.

They are thus caught in the bind of a feudal mode of exploitation. In the case of part-time municipal fisherfolk who still depend on their rice, corn, rootcrop and vegetable harvests for the greater part of their consumption, their production remains within a feudal mode.

As for the full-time municipal fisherfolk, they already enter the world of semi-feudal production as they already survive mainly on the basis of commodity production and exchange.

The rental of the boats adds another semi-feudal dimensions to the semi-feudal price-exploitation of full-time fisherfolk. Both the overprice in the boat rental (ordinarily expressed as a share of the catch minus expenses) that goes to the boat-owner and the net paid value (income) that goes to the boat-renter vary in relation to the productivity of the labor. The boat-rental exploitation takes on a character intermediate between the feudal and capitalist. What makes the feudal quality stand out over and above the capitalist is the small-scale nature of the municipal fisherfolk labor and their bondage to the fuel and boat now in their possession (for which they become responsible for boat repairs).

The underprice directly slices off a definite part (a percentage

equivalent to the underprice ratio of the catch) of the share of the fisher's catch (corresponding to the percentage allotted to them from the catch after deducting fishing expenses — the net share) constant relative to the individual productivity of the labor.

The overprice similarly cuts off a certain portion of the share of the fisher's catch (the percentage share belonging to the fisher-renter X the value of the commodity bought X the overprice ratio). Again, the overprice profits per value of fish caught that the merchants grab from the fishers do not vary in accordance with the individual productivity of the labor as it does in the case of the necessary paid value (income appropriated for consumption) that goes to the fishers.

Where the net-share fisher-folk depend mainly on cash income and work in groups composed of 10 or more laborers, they render to the vessel-owners a semi-capitalist surplus. Whereas, when they as part-time fisherfolk principally depend on subsistence, or work together on a small-scale, or both, they produce for the boat-owners semi-feudal hiring-profits.

Those net-share fisherfolk, whose semi-feudal net-share or underprice profits they give up to vessel-owners and merchants exceed whatever, if any, semi-capitalist net-share profits they create, then they belong to a semi-feudal fishing peasantry. Heavily exploited under net-share arrangements with boat-owners and predatory pricing by merchants, the majority of them

make up a fishing poor-peasantry. Those who generate more semi-capitalist profits than semi-feudal ones emerge as semi-proletarian fisherfolk. Overall, the semi-feudal poor peasantry fisherfolk comprise the bulk of the labor force in Philippine fishing.

3. Gold Panning and Tunnel Miners

Sparked by the sky-rocketing of world gold prices in the early 1980s, the ensuing gold rush has drawn a large number of rural and urban poor into small-scale placer and tunnel mining in areas like the Davao and Zamboanga provinces in Mindanao, the Cordillera, Camarines Norte and Masbate. Building up capital from their own earnings, some households strike out on their own. Most others have no other option but to join work gangs financed by investors under net-share arrangements — ordinarily 60 to 70 per cent of the net proceeds going to the financiers and the rest divided equally among the miners. Both the self-employed and hired miners face the prospects of low buying gold prices dictated by syndicates of gold merchants. In these instances, they give up an underpricing profit constant and appropriate an underpricing profit variable with respect to the individual productivity of their labor. They thus suffer from merchant-exploitation in the feudal fashion. Since however it is paid product in the commodity form that already sustains them in the main, the underprice profits the merchants take away from them are semi-

feudal.

In the specific case of the net-share miners, they create unpaid and paid parts of the product that vary with the individual productivity of their labor, toiling under a mode of hiring-exploitation neither distinctly capitalist nor feudal. However, most of them work small-scale, in groups of 5 to 7. Combined with their co-possession of the picks, shovels, pulleys, carbide caps and blowers used in mining, this lends a semi-feudal character to the hiring-profits.

Other hired miners labor large-scale, in numbers of 10 or more together. This, plus their reliance on cash-income, renders the hiring-profits semi-capitalist.

A great majority of miners, including those spared from underprice-exploitation, remain in the clutches of overprice-exploitation. Traders in the mining camps and villages often charge as much as 50 pesos a kilo for ordinary fish, and 20 pesos per bottle of soft-drinks. This cuts down the actual paid value they appropriate in the form of consumer goods. As in the case of underprice-profiteering, they surrender an overprice-profit constant with respect to the individual productivity of their labor, while claiming a variable paid part of the product.

Landlords laying legal claim to the mining land, groups from the semi-feudal military, and semi-feudal warlord-bandit bands also fleece land rent directly from the miners in a similarly feudal manner, or

indirectly, through extortion from financiers.

Most small-scale miners belong to a semi-feudal poor mining peasantry, the wealthier ones joining a middle peasantry. Those large-scale net-share miners whose overprice, underpricing and land-rent unpaid labor surpluses their hiring unpaid labor, are part of the peasantry, too. Whereas, those generate hiring-profits above and beyond merchant profits join the ranks of a mining semi-proletariat.

Desperate for income and employment, the miners face the high risk of being buried alive in caves and landslides in mountainsides softened up by the tunnel mining. They also expose themselves to slow death and crippling diseases in old age by inhaling mercury fumes during the gold smelting process, and imbibing mercury-poisoned their drinking water. Adding to their travails is the amoeba infestation that often plagues them.

4. Animal-Raising Peasants

Animal husbandry in the countryside carries on largely in the feudal or semi-feudal mold. Forming detachments of animal-raising peasants are:

Those who raise backyard animals partly or wholly for sale to merchants;

Those who render a partiarial animal-rent to livestock-owners. Those who continue to rely mainly on their own rice, corn, rootcrop,

and vegetable harvests for sustenance give up feudal-underprice profits to traders and animal-rent to animal-owners and thus form a feudal animal-raising peasantry. Those who already depend principally on consumption of commodities surrender semi-feudal profits and rents, and compose a semi-feudal animal-raising peasantry; and

Small-scale-laboring ranch hands dependent partly on their own rice, corn, rootcrop or vegetable plots, and backyard animals for food, and utilizing their own tools or materials in ranch work, also create semi-feudal hiring-profits for the ranch-owners and belong to a semi-feudal peasantry.

5. Logging and other Forestry Peasants

While capitalist logging and saw-mill production is widespread, a substantial segment of forestry production is pursued in the feudal or semi-feudal mode, and by peasants.

The forestry poor include:

- a) the firewood and charcoal makers.
- b) the small-scale, self-employed rattan gatherers.
- c) small-scale lumberjacks and woodcutters selling under-priced timber to merchants.
- d) "stewards" of industrial tree farms and plantation under the "social forestry"

program of the semi-feudal state.

6. Artisanal Peasants

Though to a large extent devastated by the influx of imported goods (as in the death of the once vigorous Iloilo weaving industry in the hands of British-made textiles) and the rise of colonial and national-industrial investments, rural handicrafts and artisanship persists as a major peasant activity. Such artisans are either part-time petty commodity producers sustained mainly by their rice, corn, rootcrop, vegetable and animal produce, or fulltime ones already reliant by and large on cash income. In short, they are either feudal or semi-feudal handicraft-making peasants.

Peasants processing and industries remain stifled not only by the petty nature of their labor and technology, but also by a complex of other crippling forces: the deprivation of the laborers' income and capital by semi-feudal trading monopolies, the denial to them of raw materials exported to capitalist monopolies abroad, and the wholesale destruction of their natural sources of raw materials by the semi-feudal lords.

THE PEASANTRY AS A FORCE FOR SOCIAL CHANGE.

The rural and urban poor peasantry comprise the majority of the deeply oppressed and heavily exploited classes in Philippines, out-

numbering the semi-proletariat and proletariat. They generate the biggest amount of profits for the dominant and ruling semi-feudal lord class in Philippine society. As in most other Third World countries, the Filipino poor peasants are the single largest class force for a thoroughgoing social change that require no less than the genuine self-empowerment of the Filipino people.

Like in other Third World societies, only when the Filipino peasants and the rest of the Filipino people — proletarians, semi-proletarians, petty-bourgeoisie, national semi-capitalists, and national capitalists — transform themselves from ruled to ruling classes can they close a chapter of Philippine history devoted to their neo-colonial, semi-feudal oppression. In this epic saga, the largely poor-peasant character of the country's laboring people critically fashions the fundamental flow of struggle to liberate themselves from the oppressive rule of the foreign and local semi-feudal lords and usher in a new epoch of genuine nationalism and democracy.

E. THE SEMI-FEUDAL PEASANTRY IN THE URBAN SEMI-FEUDAL POLITICAL ECONOMY

One of the most striking features of a semi-feudal society is the large presence of a semi-feudal peasantry not only in the rural, but in the urban areas as well. There abounds in the cities and town centers a wide section of the labor force that while exploited in a manner neither distinctly feudal nor capitalist takes on a peasant character due to the small scale of its labor and its bondage to the means of production.

Among the *urban poor* belonging to a semi-feudal peasantry are the following social groups:

Vendors. In this category are included:

- the ambulant vendors – those who walk from place to place or along the streets selling their wares such as candy, cigarettes, publications, garlands, soybean curd, ice cream, grocery items, and duck's eggs (balut).
- the stationary sidewalk sellers.
- the "sari-sari" store-owners (the ubiquitous variety item stall usually run by household labor).
- school or office personnel and workers who sell various goods during break periods to co-employees.

- the junk collectors who buy junk from house to house and sell this to dealers.

In the process, the vendors may exploit others by buying the merchandise at an underprice and/or selling it at an overprice. Or else, they may not exploit at all, by buying the goods at or above their value at the point of departure and selling these at or below their value at the point of destination.

In the latter case, the vendors appropriate either the whole or merely a fraction of what is entirely their added value in transporting the goods.

In the former case, the vendors appropriate not only at least part of their value added in transport, but also either an underprice profit, or overprice profit or both.

Semi-feudal vendor-peasants do not appropriate all this value they create. They are subject to exploitation in a variety of ways:

- a) They are victims of informal-land-rent extraction (often by police officers themselves or by syndicates in connivance with the police who collect a daily "protection" fee for the right to ply the streets). This land rent is therefore a rent of city-

street land, a payment for the right to use city-street land.

- b) they are under the mercy of usurers. Starved of trading operating capital, they resort to borrowing from money-lenders under arrangements that are called "5-6" (for every five pesos borrowed, six must be repaid). This oppressive credit has worsened in the past years, since the repayment period has shrunk from what used to be monthlong, half-monthlong or weeklong to what is now often a mere day. These moneylending rackets are operated by big-time syndicates, headed by loan shark kingpins who receive large amounts in daily usurious profits.

- c) they are prey to overpricing by wholesales in the form of overpriced merchandise and/or overpriced rental payments for use of stalls or store facilities.

Where the vendors do not directly or indirectly exploit others by buying their supplies at an underprice and by overpricing their wares, they give up to the extortionists, usurers and trader-suppliers unpaid value that is constant with respect to the productivity of the labor that produces this unpaid value.

At the same time, their paid value varies with respect to their productivity. The variability of the paid value holds true likewise for the vendor who may not possess instruments of transport and storage labor as bags, containers and stalls

but who possess the means of production in the form of merchandise itself. Those vendors hired to sell on a consignment basis fall under this category.

Though this appears at first glance to be a piece-rate wage arrangement, in reality it is not. Because of the vendors' liability for the merchandise in case of damage or loss, their paid value varies according to the efficiency with which they handle their goods. In effect, they possess and are bound to their means of production, which is their merchandise.

In capitalist production, this liability disappears. The worker who fails to prevent damage or loss of the cargo instead faces the prospect of reprimand, suspension or expulsion. Insurance reinforces this detachment of the workers from liability for the merchandise by transferring liability to a collective fund built from premiums of capitalist, petty-bourgeois and other policyholders which the insurance companies lend out or invest in stocks.

For those vendors who do not exploit others by overpricing or underpricing, they are exploited in the feudal manner by extortionists, usurers and merchant-profiters. However, in the case ordinarily of urban-based vendors, their reliance on cash income for sustenance or the dominant exchange-character or commodity-form of their necessary paid product makes their mode of transport-storage vending production semi-feudal.

Where the vendors enjoy underprice and overprice profits, as with the tenants or owner-cultivators who hire others, their revenues contain a certain percentage or amount of this underprice and/or overprice profit, as well as a percentage or amount of the value they themselves add to the merchandise through transport and storage. A change in the productivity of this transport/storage labor automatically enlarges or reduces the value they create, and the size or percentage of the paid share of the product in their revenues.

As such, the mode of exploitation is neither characteristically feudal nor capitalist. However, the small-scale of their trading labor operations and the vendors' bondage to their merchandise by possession or by debtspell its semi-feudal character.

As transport and storage vendor-laborers, most vendors participate in the following production processes:

- transporting goods from one point in space and time to another (which may range from transporting products from one area to another to the mere picking up of a commodity from its place of storage and handing it over to a customer); and/or
- storage (such as bagging or wrapping of a good).

This stage of transport labor is socially necessary because to gain use-value and thus value, a com-

modity must be brought to where it will be used. Otherwise, it has no use-value and therefore no value. Storage labor is needed to protect products from the dust and the elements.

The value added in transport and storage is the difference between the value contained in the good at its place of departure and its value at its place of destination.

It consists of the average socially necessary present labor (using average productivity -- a certain quantity of cargo delivered per amount of human energy expended) and past labor (using typical technology and operating at average efficiency -- a certain amount of cargo carried per average value of transport equipment and fuel used up, and of material -- the cargo plus the container or package itself -- deteriorated).

Depending on their productivity (how much cargo they carry for a given distance per amount of labor they perform), the paid value or income they produce and receive varies, given equal conditions, with that productivity.

The Food Processors. Comprising this social group are the following subgroups:

- the "self-employed" who sell meals and snacks in canteens and offices
- the sidewalk or street food processors engaged in the sale of such items as meals, barbecue, fishball, peeled or sliced fruit,

roasted or boiled peanuts and peeled garlic.

- those who prepare beverages such as gulaman, pineapple, and sago juice.

They are oppressed by the following factors:

Overpricing of raw materials, fuel, equipment and rental of facilities (exorbitant charges for use of stalls and market buildings) — The overpriced raw materials they buy include cooking oil and flour which is sold by a flour milling cartel. To this cartel belongs a flour milling company owned by no less than the family of the secretary of industry and trade himself. This monopoly is an offshoot of the wheat cartel of the giant grains trading and processing corporations such as Cargill and Continental.

Food processors also suffer from the overpricing of ancillaries such as, liquefied petroleum gas and electricity.

Usury — As with the vendors, they are subject to a menu of semi-feudal oppression.

Artisans. To this category belongs such "self-employed" laborers as dressmakers, tailors, carpenters, plumbers, mechanics, appliance and watch repairmen, key duplicators, rubber stamp makers, barbers, hairdressers and manicurists.

Many of them produce labor-services that are sold at an overprice. Finishing-carpenters working at average levels of efficiency get

paid at P120 a day -- far off from the money-equivalent of the average socially necessary labor performed daily (P550/labor-day for January 1988).

Scavengers. The plight of the scavengers paints a poignant picture of the profound semi-feudal misery that persists in a Third World society such as the Philippines.

Like junk vendors, they perform the labor of transporting junk to the place of reprocessing. However, they undertake an added activity: scrounging in garbage heaps, dumps and cans for scrap and collecting these for sale to dealers. This gathering of scrap material makes them akin to the gleaners and forest gatherers in the rural areas.

In the process, they expose themselves to highly unsanitary conditions, often having to live in garbage sites to gain easy access to the trash.

They, too, are victimized by the underpricing of their gathering/transport service by junk merchants.

Domestic Servants. In a typical semi-feudal society severely lacking in industrial employment, the hiring of laborers for domestic labor-service is rampant. It has been estimated that Filipino domestics number around 2 million all over the country. However, they are highly concentrated in the urban areas.

Part of their compensation is usually in the form of money, and another part in kind -- in food and use of facilities and utilities.

The difference between the value of the labor-service they perform for their employers and the value of the money-payment, the food, housing and utilities they enjoy is the unpaid labor-service they render to their employers. Raising their productivity and efficiency in the performance of domestic labor raises the labor-service that goes to the employers. Whereas, lowering this productivity results in the opposite effect.

This means that the unpaid labor-service varies with the productivity of the domestic-labor.

On the other hand, the domestic laborers belong to the household of their employers and thus enjoy collectively to some extent the amenities of their employers -- the available food and the premises.

The productivity of the domestic-labor will also reflect on the labor-service that the domestic laborers will themselves enjoy. This is compounded by the fact that to some extent the domestic service rendered to the employers is collectively enjoyed with their servants--as in clean premises and habitat, and common meals.

Thus we find a paid component of the labor-service produced likewise varying with the productivity of the domestic labor. Hence, a mode of exploitation that lies between a feudal and capitalist

identity.

However, alongside this, the small-scale character of domestic labor prevails. Seldom does a domestic labor staff working together at the same time reach or exceed 10 persons in number.

In addition, the servants commonly suffer from a bondage to their means of production, which includes the residence where they are employed. They are often oppressed by a kind of serfdom that ties them by force or under pain of reprimand or dismissal to the residence of their employers or to the routes they take during errands.

This bondage is broken periodically when the servants are given, say, a weekly day-off, but is a bondage nevertheless that prevails throughout most of their working lives as servants.

Debt usually in the form of advance payments to the families or benefactors of the domestic helpers reinforce this bondage.

The small-scale nature of domestic labor, plus the bondage to the means of production, shape the dominantly feudal, or semi-feudal, character of domestic production by hired household helpers.

Jeepney, Pedicab, Taxi Drivers.

Jeepney, pedicab and taxi drivers supply most of the human transit labor within the cities and towns. In particular, they are burdened by the following:

- rentals for their vehicles that

are pushed up by the cartelized prices of the vehicles, accessories, spare parts and tires. The foreign-manufacturing monopolies and the local big comprador syndicates enjoy a bounty in merchant profits from this monopoly of trade.

- the fuel that the drivers are responsible for providing and replenishing
- the informal land-rent exactions in the form of "grease money" that they have to dole out as fines to policemen. These extorting policemen either who do this on their own or as part of Mafia-type operations headed by corrupt officials who demand a quota of collections from their subordinates.

In the case of those drivers who do not charge overprice to passengers, or underprice the labor-service of hired washerboys, they operate under a feudal mode of exploitation in the buying of overpriced fuel and the paying off of extortionists.

Otherwise, since they co-possess the means of production by assuming responsibility for the provisioning of fuel and minor repairs, the mode by which they are exploited is neither particularly feudal nor capitalists. On the other hand, the small-scale of their human-transit labor as well as their bondage to their vehicles and fuel by virtue of possession stamps a semi-feudal character on their mode of production, and defines their peasant character.

Hired Homeworkers. To this category belongs a section of the labor force to which certain stages of the labor process are jobbed out to individual workers or small groups working within the premises of their households. These include the garment-makers, pasters of cigarette boxes, glove-makers, and embroiderers. As co-possessors of the means of production, small-scale laborers and laborers bound to their means of production through possession of their workplaces, they fall under the category of semi-feudal peasantry.

The oppression among the hired homeworkers is heightened by the widespread employment of child laborers. In many of the towns outlying Metro Manila, garment-making homeworking families out of dire poverty commonly recruit for garment production young girls from the average age of 11 up but sometimes as early as 4 years of age. Working in damp, cramped and dimly lit surroundings, they are early on introduced to a life of drudgery and monotonous toil that denies a great part of their formative years the study and play needed to develop their minds and bodies adequately.

State-Hired Street Sweepers.

The semi-feudal state ordinarily hires regular street sweepers in the cities and big towns centers. Usually, they are responsible for buying and replacing their brooms. Moreover, they work in dispersed operations alone or in groups of two. In this instance, employers and employed co-possess means of production -- the state, the streets, and the

street-sweepers, their brooms. The mode of exploitation is neither distinctly feudal nor capitalist. However, the feudal elements of small-scale labor and bondage to the means of production by possession prevail.

Their unpaid labor-service, consisting of the difference between the value of their service and their pay, is semi-feudal. Such street-sweepers belong to the urban semi-feudal peasantry.

Lowly-Paid Prostitutes. In a semi-feudal society such as the Philippines where industrial employment opportunities are few and far between, and the common pay is low, a large number of people resort to prostitution as source of income.

Prostitutes work either under the employ of pimps or prostitution house owners, who charge a certain percentage of the payments by customers. In the case of prostitution house owners, they possess the means of production — the facilities and dwelling-places of the

prostitutes -- and receive an unpaid product variable according to the efficiency with which the prostitutes use them.

The prostitutes likewise possess means of production in the contraceptives and makeup they buy as come-ons to customers. The mode of exploitation is therefore not distinctly feudal or capitalist.

Prostitutes however work in solitary isolation from one another. By possession, they fall under a bondage to their means of production. These feudal elements prevail over the fact that they rely mainly on exchange or on cash income for sustenance. The unpaid value they create that goes to the prostitution house-owner -- the his or her percentage share of the value of the sexual-service minus the value of the depreciation of the facilities -- is semi-feudal.

The lowly paid prostitutes belong to the semi-feudal peasantry.

F. THE OPPRESSION OF WOMEN

The oppression of women in a new-colonial, semi-feudal society like the Philippines aggravates the class oppression that bears upon both genders.

Such a society nurtures sexist oppression in the form of an

oppressive sexual division of labor, gender discrimination, vulgarization and commercialization of sex and the human bodily form, sexual harassment and assault, and sexist ideologies, art and literature.

Among the crop-growing peasants, it is among the poor and lower-middle peasants that less inequality in labor opportunities prevails. It can be said that to a large and growing extent, women shoulder the bulk of planting and weeding in ricelands, share equally the task of rice harvesting, gathering picked coconuts, copra drying, removal and sacking of coconut meat, and various phases of corn cultivation, and participate widely in cane cutting. Peasant women often carry out the assignment of caring and selling backyard animals, making and vending handicraft items such as processed food for supplementary cash income. Regularly, fisher-women engage themselves in the repair of nets, hauling of the seafood catch to shore, and maintenance of the boats. As such, poor peasant women more than their counterparts in other strata directly experience exploitation. This tends to promote a higher degree of equality in general in relations between poor peasant men and women.

It is among the upper-middle and rich peasantry that women continue to be confined to a more constricted and stifling range of work.

Much of crop-farming (such as plowing, coconut picking, cane hauling) and fishing (transit and transport to and from the fishing grounds, and actual fish capture), however, remains relegated to the male peasants.

Female peasant spouses and children working only as indepen-

dent subsistence producers and household laborers experience exploitation only indirectly. By supplying vegetable, animal food and other subsistence produce to their families, they beef up the necessary produce available to their households. Under such a situation, their families survive amidst high land rents, the semi-wages and peasant-hiring pay of investors, the crippling underprices and overprices of traders, and the profiteering of usurers, gamblers and other semi-feudal exploiters. They allow households to cope with peasant-hiring rates under semi-feudal arrangements that have been referred to as super-exploitation.

Where they create purely subsistence products or perform household chores and services they appropriate for their families, they do not render unpaid family labor in the strict and scientific sense of the term, as what has been commonly argued. In the case of independent means of subsistence as well as supplementary production for cash, they provide for a situation whereby her husband gives up a greater proportion of his labor as unpaid than what he would normally surrender had he not been able to lean on her labor in independent subsistence production and supplementary work for cash.

This labor peasant women perform in this case metamorphoses into the labor-power of the men or other household members directly involved in tenant or hired labor, or in production for exploitative trade and credit. When exercised, the labor-power that becomes

by the exploiter is that of the men or the actual performer and source of the unpaid labor. Peasant women tied to pure subsistence production and household work are exploited or perform unpaid labor only indirectly -- only insofar as their labor is reincarnated in their husband's.

Even when peasant women participate significantly in a great variety of farm work, they are often made to take on a lopsided share of household chores. To the extent that they are onesidedly and unnecessarily strapped to the home by custom and tradition, they more than the men become victims of a feudal bondage to their means of consumption. They suffer from the narrowing effects of such a division of labor on their experiences and consciousness.

Meanwhile, a large and growing fraction of the proletariat and semi-proletariat has been composed of women. This trend has accompanied the growth of such industries such as garments and electronics where women workers outnumber the men. As in the classical development of capitalism described by Marx, this change tends to cheapen labor-power as the pool of labor-power from which capitalist enterprises draw new employees and discard old ones grows larger. Whereas in the case of the proletarian household where only one of its members is hired, this family receives a mass of constant paid value in the form of the wage. On the other hand, the household where both spouses or other members

or more masses of constant paid value which together make up a package of constant paid value.

All proletarian or for that matter, laboring, households contain a natural or biological division of labor in reproducing a labor-power. Women play a singular role in child-bearing and breastfeeding, the quality of which is crucial in shaping the labor-power of the new generations of laborers. Women therefore act not only as an embodiment of reserve labor-power. They also play the role of bearer and carer of new labor-power in the form of children. In addition, they perform a third function: maintenance-producer of the old labor-power through domestic chores for the employed husband. The homemaker or housewife in a proletarian household through her cooking, cleaning, washing and other tasks serves to support the three above functions: maintaining herself, her children and her husband.

The children too participate in the labor of developing and renewing the labor-power of their families. By play and study they enhance their physical and mental faculties to take on the role of direct laborers in the future.

Those directly involved in capitalist production likewise play a role in the reproduction of their labor-power in two ways:

- it is their labor-power alone which is bought and sold to provide the means of suste-

nance of their entire family or household; and

- their own direct participation in the labor makes them fit, ready and skilled to perform their work on a continuing, day-after-day basis.

As Marx pointed, capitalism measures the wage or the value of labor-power in terms of the value of the means required to sustain the worker's family. This may be taken to refer to all value inputs in the form of goods and services that enter into the making of labor-power or the latent working energy of the proletarian family. In the sense that these are human energy inputs that go into the reproduction of the worker's family, they form the opposite of the latent energy activated, the labor-power expended, of the labor performed, of the energy output of the worker.

The dialectical relationship between such two opposites -- the means of labor-power (represented in the wage) and the labor itself (represented in the value newly created by the worker) spawns the exploitation that is distinctly capitalist.

The household labor of the proletarian homemaker as with the play and study of the proletarian children make up the labor-service that ensues from within the family itself and is not bought as a commodity from outside the family. Hence, domestic labor does not enter into the calculation of variable capital or capitalist wage.

Though each of the members of the proletarian household (the employed, the fulltime homemaker and the children) have a distinct specialized function in relation to the labor-power of the hired that is exploited by the capitalist, all of them belong to the proletariat.

This division of labor and rigid specialization tend to oppress the fulltime homemaker since this alienation from direct capitalist production tends to stifle the development of her or his labor-power, mental and physical capacities, and limit her ideological and intellectual horizons. On the other hand, one-sided participation in capitalist production to the exclusion of family life tends to alienate the parent from the children especially during their formative years and deprive the worker of her or his own learning and humanizing experience as a parent and member of the family.

Often, women workers carry a much bigger burden of household chores than the male workers in their household. Equally drained as their husband's from a day's work, they usually are expected and made to carry the overwhelming bulk of the drudgerous household workload. This inequity denies them of their fair share of rest, recreation and time for educational and organizing activities.

The sexual division of labor among peasants, proletarians and semi-proletarians tends to strait-jacket laboring women from active and effective involvement in decision-making vis-a-vis a broader field

of production and organizations for social change. Even within the ruling semi-feudal lord class, the general typecasting of women to housewifery, socialite frivolity or patronage of reformist "charity" and other doleout projects engenders the patriarchal male-dominated structures of class control.

By virtue of this social division of labor as well as a discriminatory policy of unequal pay for equal work, women in the Philippine and other semi-feudal neo-colonies receive paid parts of the product or value they create generally less than men. The Ecumenical Institute for Labor Education and Research has cited a study on Philippine manufacturing that a woman worker on the average gets only 32 to 41% of the earnings of a male employee.

On the other side of the coin of discriminating against women is a disregard, or lack of discrimination in favor of, the special needs of women -- especially in the case of pregnant women and nursing mothers. Seeking to make things more attractive to foreign investors, the semi-feudal state has recently scaled down the maternity leave from six (6) weeks to four. Perpetuating the people's poverty, foisting on them refined and junk foods, softdrinks and cigarettes and diverting tax money from what could be a progressive, democratized health-care system to foreign superprofits and service for big business, the semi-feudal lord class inflicts irreparable damage on children-bearing and lactating Filipino women, and on infants.

In a semi-feudal, Third World society such as the Philippines, the vulgar treatment and commodification of sex and the human body victimizes most the women. Lured by the siren song of the dollar, the Philippine semi-feudal comprador state abets female prostitution especially in the sex-tourist belt of Ermita and the honky-tonk "rest and recreation" playgrounds for U.S. military base personnel in Olongapo and Angeles City. A swelling number of Filipino peasant women find refuge from starvation and unemployment in mushrooming brothels masquerading as cocktail lounges massage parlors, disco and beer joints. Here, they become milking cows for the semi-feudal profits of white-slave traders. Moreover, burlesque shows, advertisements, movies, TV commercials and shows, and beauty contests degrade and exploit largely for commercial overprice profits the display of women's bodies.

Rural peasant women are frequent objects of rape and sexual torture in anti-guerrilla and intimidation operations conducted by the semi-feudal military and paramilitary. In factories and offices, managers and supervisors have been known to extort sex from women employees, threatening them with dismissal if they do not give in to their demands.

As progressive church people note, the traditional religions that blossomed during the Middle Ages and engulfed Third World societies have denigrated women. These admonish them to subordinate themselves to men, and weave

myths revolving around their supposed inferiority. In contrast to the communal-oriented early Christian communities, the mainstream medieval Catholicism propagated in the Philippines has sought to mold women into docile and naive beings, submissive in the face of oppression and devoid of critical thinking.

The Catholic church hierarchy refuses to ordain women in spite of the sustained missionary zeal of many of them in conscientizing and struggling with the poor, as early Christianity taught. The old-school church thus serves as a petrified stronghold of patriarchy in the

G. THE URBAN SEMI-FEUDAL PEASANTRY IN RELATION TO CAPITALISM

As in developing capitalist societies, the urban semi-feudal peasants act as a sort of reserve labor force for the extremely limited urban capitalist production in semi-feudal societies.

But the opposite relation is even more significant: generally, such capitalist production serves more as a backdrop for the sale to urban laborers of overpriced equipment, fuel and raw materials that characterizes urban semi-feudal production. For instance, the assem-

Philippines.

Women's well-rounded accumulation of practice and consciousness in the people's liberation movement acts as a cutting edge in the drive to tear away the tapestry of falsehoods regarding the so-called inferiority of women.

Hand in hand with men supportive of women's liberation, women and women's organizations in the liberation movement of the people are unbinding the Filipino masses of women and propelling them towards the raging mainstream of social change.

bly of jeepneys in capitalist enterprises plays the role of facilitator of the much more extensive semi-feudal jeepney transit and maintenance production that entails the purchase of imported engines, spare parts, and crude oil.

Aside from this, the huge amounts of semi-feudal unpaid value urban peasants create rival, if not exceed, the unpaid capitalist surplus value produced by the proletariat in cities and town centers.

H. THE SEMI-PROLETARIAT AND SEMI-CAPITALIST PRODUCTION IN URBAN SEMI-FEUDAL SOCIETY

To this class belongs the following city and town dwellers:

1. most shop assistants in small establishments (with less than 10 workers laboring together at the same time to produce the same kind of commodity) such as machine-repair, eateries, small stores, and bakeries.

2. those who produce services directly consumed by their employers

- clerical and secretarial personnel
- most advertising and marketing personnel in companies that do not sell advertising or marketing-services
- security guards directly hired by employers
- accountants in companies that do not sell accounting-services
- laborers in gambling establishments
- conductors in public transit vehicles
- most bank employees

3. lowly-paid employees in small service businesses

- bus drivers
- personnel in small telegraph and mail-delivery offices
- teachers

- security guards working for security agencies
- accountants in accounting companies

4. stay-in large-scale workers living in premises funded by their employers. Under these conditions the value of the housing intends to be a form of wage in kind, the paid value of housing that the "stay-in" workers appropriate for their personal consumption depends on the efficiency with which they use and maintain their living premises. As a result, both the paid value they receive and the unpaid value they give up is neither distinctly feudal nor capitalist. However, the labor that creates their unpaid and paid product is large-scale. Furthermore, their main source of sustenance is in the commodity form. Their unpaid labor is therefore semi-capitalist.

5. the wage-workers bound by debt to their employers.

Also belonging to the urban semi-proletariat are the large-scale sub-living-wage workers in modern industries, whose families and household partly rely on the independent production of their spouses or children as vendors or food processors, or on production

by household co-members possessing their own means of production. Also semi-proletarian are those such large-scale sub-living-wage workers, whose families depend partly on subsistence production as tenants, owner-cultivators or hired laborers in rural areas for their daily survival.

Receiving semi-wages, they rely on paid values and products that change in response to the productivity of their household co-members in using their productive resources.

Taken together as a family or household, the net aggregate unpaid labor exceeds half of the total value or product they produce. At the same time, most of the labor they perform is large-scale, while their families rely mainly on money-payments for sustenance.

They and their households and families are semi-proletarian. Semi-feudal production prevents the semi-proletarian from receiving a level of compensation approximating a normal wage.

Apart from the semi-proletariat engaged in semi-capitalist production, many of the urban businesses rely mainly on semi-capitalist exploitation and profits -- the overpricing, gambling and usury-exploita-

tion of wage and salaried workers.

In these situations, the wage-workers render unpaid value in the form of overprice, gambling profit and interest that is constant with respect to the individual productivity of their labor. At the same time, their paid value (their wages) does not vary according to the individual productivity of their labor.

Neither distinctly capitalist nor feudal, this relationship acquires a semi-capitalist character in the exchange or commodity-nature of these means of sustenance, and their detachment from the means of production and/or subsistence (The usurer, in this case, not being their employers).

Among the biggest urban semi-capitalist over-price profiteers exploiting wage and salaried workers are the transnational subsidiaries themselves and their local partners, including the hamburger, fried-chicken and other fast food-outlet proprietors.

The foreign big bourgeoisie and the local owners of departments and big bazaars also depend greatly on selling to wage-employees overpriced imported consumer goods, many of which are smuggled through "PX outlets" in the U.S. military bases in the Philip-

piners.

Wage and salaried workers are also victimized by gambling rackets, including those sponsored by the semi-feudal state, such as jai-alai. Gripped by their worsening impoverishment, many fall prey as well to usurers and pawnshop proprietors.

In the case of the small locally-owned semi-capitalist businesses, they are increasingly harassed by a host of semi-feudal, semi-colonial

factors:

1. the narrowness of their market, considering the general poverty of the people
2. the operation and domination of monopoly capitalist competitors
3. the overprice of inputs
4. the overpriced oppressive taxes

I. THE PROLETARIAT IN A SEMI-FEUDAL SOCIETY

The proletarians have multiplied with the repressed development of colonial-type capitalist enterprises and the suppressed development of national capitalism in a typical Third World country such as the Philippines.

Their conditions of work are highlighted by the following features:

- the capitalism they are part of is commonly not a self-reliant one in the sense that it relies on other modes of exploitation and production -- specifically on selling products at an overprice to laborers, and to buying from them commodities at an underprice.
- like the semi-proletarians, proletarians are forced to bear the brunt of a level of compensation depressed by semi-feudal production.

The dominant semi-feudal production weighs down on wages such that these perennially fall below the level of normal, living wages. In societies dominated by the capitalist mode, the wages fluctuate around the normal sustenance level, the price of normal labor-power, reflecting the periodic glut and shortage of labor-power that accompany the inevitable, violent swings in capitalist production.

According to the Food and Nutrition Council in 1986, a family of six would need at least P115 a day to supply its basic nutritional requirements. Since the food budget ordinarily eats up roughly 80 per cent daily, a normal wage could amount to at least P130 a day.

Most proletarian families receive daily wages below P80 a day. The shortfall between pay and necessary expenses tends to widen

as the big "bourgeoisie" manipulates their prices upwards and keeps salary scales down.

The past and present regimes have institutionalized this situation by means of legislation that includes a Labor Code which that sets a sub-living minimum wage and even allows hiring at rates even far below this for "learners" and "apprentices". The semi-feudal state machinery has sought to perpetuate this starvation level of pay by muzzling workers' strikes. The present administration has carried on the decrees of the old regime that legitimized the use of scabs and imposed so many restrictions on workers wishing to strike. It has also responded to actual strikes with uninhibited display of its full coercive power, dismantling picket lines in barbaric fashion.

These regimes have banked their development programs on attracting foreign investment, principally with the offer of "low labor costs". They hinge their plans therefore on the intensification of the semi-feudal poverty of the proletarians and other hired laborers.

Semi-feudal conditions impede the development of the proletariat to its maturity, keep it small in the same way that the capitalist mode is kept small.

By waging strikes and fighting for a living wage, the proletariat battles against the semi-feudal depression of the wage below normal levels.

By itself, this struggle chips away merely at the tip of the iceberg, inasmuch as it is the entire neo-colonial, semi-feudal structure of production and exchange that is responsible for the chronic depression of the wage below normal, life-sustaining levels.

Under the leadership of organizations equipped with a critical insight into the workings of semi-feudal society and a sharp sense of the imperatives of social change, increasingly sections upon sections of this class are becoming enlightened about the semi-feudal, semi-colonial roots of their own present-day oppression, as well as those of other exploited classes in Third World societies.

Possessing this analytical frame of mind and commitment to fundamental change, this growing section of the proletariat together with other enlightened sectors are already developing into a force that can decisively transform the prevailing relations of production from semi-feudal to progressive ones.

J. THE SEMI-FEUDAL LORD CLASS

The class of semi-colonial or comprador, semi-feudal lords dominates the neo-colonial, semi-feudal society.

Accompanying this rise to dominance of the semi-feudal lord case has been a change in patterns of differentiation within the semi-feudal lord class itself.

Within this class, a section comprised of persons and families dealing in semi-feudal money-lending, hiring, trading and gambling -- all involved in the investment of money to earn semi-feudal profits -- have begun to corner the bulk of the semi-feudal surplus.

The fraction of the rentiers who in the tradition of the feudal lords did not advance any money to beget more money (in short, capital) and merely demanded rent in kind, money or labor-service experienced a relative decline. This development to the rise of a semi-feudal "bourgeoisie" (in the loose sense of the word).

A semi-feudal "bourgeoisie" -- engaged in capital but in the pre-capitalist, semi-feudal manner-- would emerge as the dominant fraction of the semi-feudal lord class.

Within this fraction, an increasing share of the semi-feudal profits has been centred in the hands

of the big profiteers. In the discussion in Chapter 3, we placed the big semi-feudal lords as appropriating at least 5,000 labor-days each in unpaid labor per year. Using this categorization in the context of the current value of money, we can place the big semi-feudal comprador "bourgeoisie" to amass each year net unpaid labor or income amounting to P2.75 million.

To this fraction belongs the following subfractions:

- the foreign and local big stockholders and directors of commercial-hiring investments dealing directly and indirectly in overpricing-underpricing and hiring exploitation.
- the foreign and local big stockholders and directors of the big banks engaged in moneylending to these commercial-hiring investments and involved in direct or indirect exploitation.
- the big gambling lords directly or indirectly exploiting labor through gambling.
- the big grafters directly or indirectly exploiting tax-paying laborers through milking of state funds.
- the big executives indirectly and directly exploiting laborers

through oversized and multiple salaries, allowances, bonuses, fringe benefits and use of state or private corporation equipment and facilities.

If we add to the big semi-feudal comprador "bourgeoisie", the formal and informal land rentiers whose main source of income does not involve the use of capital, then we get the entire gamut of the big semi-feudal lord class.

Within this class, it is the foreign big bourgeoisie that is the leading and often dominant segment. As a rule, they are characterized by a split class personality. In the monopoly capitalist countries they act as a real monopoly bourgeoisie, lording over the expansion of monopoly capitalist production. In semi-feudal societies of the Third World, they play the role of a semi-feudal "bourgeoisie" dealing mainly in merchant and usurer's capital and developing semi-feudal, comprador production and exchange.

Their dominance is, for one, expressed in the sheer size of the semi-feudal profits they amass. In our previous discussions, the huge export-underprice profits gained by the foreign industrial buyers of Philippine raw sugar and the huge over-price profits of the petroleum companies best illustrates this point.

On top of this, their leadership within the semi-feudal lord class is manifested in their direct monopoly control of the following aspects:

- direct monopoly control over the industries that produce the equipment, fuel, materials and consumer goods used in the Third World.
- direct monopoly control over the technology in the most central and sensitive stages of industrial production.
- direct monopoly control over the markets for the under-priced raw materials.
- direct monopoly control over the foreign exchange financing necessary for unequal exchange.
- direct monopoly control over the semi-feudal state and the fundamental policy-making and enforcement machinery and processes, through institutions such as the IMF, WB, Pentagon, CIA, ADB, which provide both long-term and short-term guidance and training to the semi-feudal state.

Invariably, the most far-reaching decisions affecting the Third World -- such as those involving the level of foreign investments, the world market price of raw materials, the export price of manufactured goods, the interest rate of foreign loans, the level of foreign lending, and size and variety of markets for Third World raw-material and finished-product exports-- are arrived in conferences and meeting among the big bourgeoisie in monopoly capitalist countries.

In areas, where the local or Third World big comprador "bour-

geoisie" or semi-feudal lords have a say, the foreign monopoly capitalists exercise leadership through the following methods:

- ideological hegemony and guidance in the field of economic, foreign policy and military doctrine
- dictation and cooptation through loan conditionalities.
- outright bribery, for which the old Marcos regime was notorious for.

Inasmuch as the junior local partners are entitled to distinct and definite shares in superprofits, they have their own distinct interests apart from their common interests with their foreign partners. Occasionally, they gripe that they are allotted an unfair share of the pie of profits and demand lower interest rates, higher prices for raw material exports, less tariff and quota barriers to Third World exports, and greater minimum locally-owned shares in Third World-based corporations. Many of these are contained in the package of "reforms" called for under the label "new international economic order". A number of big compradors in certain Third World countries, notably the oil-exporting countries, have gained much headway in this regard. The semi-feudal lords in many other Third World countries out to copy the Organization of Petroleum Exporting Countries (OPEC) have taken several initiatives along these lines.

However, these "reforms" involve at most a shift or adjust-

ment of the relative share of the Third World semi-feudal lords in the overall superprofits extracted from the Third World. These entail a greater slice in the profits pie for the Third World junior partners, but these do not alter the nature of the pie itself. In most of the reforms of this kind that have taken place, the changes do not in any substantial way transform the mode of production. These however become a venue for an international type of reformism that seeks to attract Third World peoples away from fundamental and radical social change.

The foreign monopolists who own and control the banks and industries in the US, Western Europe, Japan, Australia, Canada, New Zealand, Israel and the "four Asian dragons" benefit most from the services of the semi-feudal state in the sense that they grab the crocodile's share of the semi-feudal profits, the appropriation of which, the state facilitates and defends. And yet, they allocate a proportionally small portion of their profits to Third World state operations.

Only the semi-feudal states of OPEC countries were able to get away with substantially raising their share of the semi-feudal profits after successfully wielding their monopoly of crude oil supplies. Despite the big concessions given away by the oil monopolies in terms of higher OPEC taxes' corporate shares and revenues, this development has actually favored the oil monopolies, which used the OPEC initiative as a pretext to raise prices of refined petroleum prices.

On the other hand, this move has earned the deepseated ire of the majority of the American consuming public, and weakened as a whole the monopoly-capitalist economies of the West and Japan.

Aside from cornering a great bulk of the total superprofits in the Philippine economy, the foreign monopolists are the biggest raiders of the semi-feudal state treasury. This they do directly by extracting net interest payments for foreign loans and selling overprice imports. Since several years back, when the world gold prices have either dipped or hovered within the 400-dollar-plus-per-troy-ounce level, the value of the dollar has either fallen or stayed put. Therefore, all or most of the interest payments in this period have constituted unpaid labor, extracted indirectly from tax-paying laborers. These interest pay-offs have mounted to a yearly level of 25 to 30 per cent of the entire semi-feudal state budget, amounting to at least 30 billion a year.

Considering the high overprice ratios of imported goods, the overprice profits ripped off the Philippine semi-feudal state treasury by foreign monopolies easily equals or surpasses this figure. If we deduct our tentative estimate of 15 per cent from the state budget as actual services delivered to the tax-paying laboring classes to yield a figure corresponding to the unpaid labor component of state funds, the total amount of net interest and overprice to the foreign monopolies could well gobble up at least half of the semi-feudal state loot.

On the other end of the spectrum of semi-feudal lords is found the strata of small or petty semi-feudal lords, who appropriate less than 1,000 labor-days a year. Filling out this strata are a motley of petty traders, landlords, extortionists, usurers, gamblers, and investors.

While they generally make up a motive force for the retention of the dominance of the neo-colonial, semi-feudal mode, segments of this strata often form a left-wing of the semi-feudal lord class that often feels oppressed by the big semi-feudal lord fraction. Often, they are among those dislocated in the wake of the profit-expansion schemes of the big semi-feudal lords. The foreign and local big semi-feudal lords ordinarily throw their political-economic weight around and strive to monopolize or grab an increasingly bigger share of the semi-feudal profits at the expense of the petty semi-feudal lord fractions.

As such, a section of the petty lords sometimes and to some extent develop a resentment towards the big foreign and local semi-feudal compradors -- a degree of affinity or benign neutrality towards the liberation movement of the people. They more and more constitute a segment of small semi-feudal lord fraction that to a certain point embrace genuine nationalist and democratic principles. They become what are called an enlightened gentry. In the accelerating clash of interests between the big semi-feudal lords, and the people, individuals and sections

with the petty semi-feudal lord fraction are impelled to take sides.

As the neo-colonial, semi-feudal society approaches its eventual demise, the antagonism and irreconcilable conflict between the big se-

mi-feudal lords, on one hand, and the peasants, proletarians, semi-proletarians, petty bourgeoisie, a national semi-capitalists, national capitalists and enlightened gentry, on the other, mounts until the hour of its final resolution.

II THE SYMBIOSIS OF MONOPOLY CAPITALISM IN THE WEST AND SEMI-FEUDALISM IN THE THIRD WORLD

From Capitalist Crisis to Semi-Feudal Crisis and Back. Semi-feudalism in the Third World has prevented capitalism in North America, Europe, Japan, Australia and the four "Asian dragons" from erupting into a crisis situation ripe for the proletarian masses to seize power under a revolutionary leadership. The tendency for capitalism to undergo crisis manifests itself in the following trends:

1. capitalist accumulation, including the accelerating mechanization and automation (robotization and computerization) that leads to a continually growing number and proportion of unemployed.
2. the tendency in capitalism for a growing proportion of goods on a social scale not to be sold as a result of the reduction of the relative number of workers that accompanies capitalist accumulation. This brings about what Marx called a series of trade crises.

Progressively, the mass of workers together with the capitalists cannot buy the spreading mass of goods the workers themselves produce. The large supply of unsold goods flooding the market then sends the prices plummeting, sometimes forcing capitalists to destroy a great part of the stock in order to send prices soaring back to normal. Under such a capitalism, this crisis always tends to break out as competition pushes individual capitalist to strive to maximize profits by out-producing and outselling one another and thus dominating the markets.

As general unemployment worsens, each trade crisis tends to be more intense than its predecessors.

One possible medium-term solution to this trade crisis would be the rise in the production of more luxury goods for the capitalists a measure aimed at offsetting the lower purchasing power of the workers. But, capitalists tend to invest,

or hoard their profits in preparation for further investment, rather than maximize their own consumption. As such, the capitalist trade dilemma does not take this way out.

3. the tendency of the living standards of the workers to fall, as the unemployment and trade crises grows more acute. The continually increasing numbers and proportion of those thrown out of work, or unable to find employment, pulls wages downward. As capitalists compete with one another in trying to maximize profits by lowering wages, the proletariat under a classical capitalism finds itself more and more impoverished and miserable.

The combination of three aspects of the capitalist crisis reflects a developing impasse in the classical capitalist mode:

- the inability to adequately support the development of labor-power in terms of employment that keeps pace with an expanding population, and of real income going to the workers.
- the inability to develop the means of production, since increasing mechanization and automation merely tends to trigger massive unemployment.

Under these conditions, no less than a socialist transformation could solve the crisis. Socialism could organize production in a way that would spread and diversify em-

ployment, expand the purchasing power of the working masses, regulate production in tune with the current needs and capacity to pay of the laborers and use the surplus to further upgrade their productivity and production techniques.

In the 1800s, the prospects for socialism in the West were already at hand and as the 1848 and 1871 revolutions in Europe showed, the proletarian masses under a leadership still lacking in maturity nearly made this possibility a reality.

However, it was one trend under capitalism that saved the day for all Western capitalist classes, except that of Russia: the movement towards monopoly. During this point in history, in the wake of recessions and depressions, capitalists would gather in cartels. Their most potent weapon: the fixing of monopoly prices. They created monopolies designed to regulate production and trade, and through monopoly prices, enlarge the surplus which could then be used to step up investments and defuse the unemployment crisis.

On the other hand, monopolies and monopoly prices by themselves were not enough. Monopoly prices in the context of capitalist society alone meant that wages had to be raised accordingly to keep up with the rise in prices of wage goods. This, however, would only wipe out what ever capitalist gains could be realized by hiking prices. The Western capitalists had to locate their source of monopoly-price profits elsewhere. They had to find economies, where they could conti-

nually exercise a monopoly not only in capitalist-produced goods and markets, but in prices as well. This was none other than in the pre-capitalist societies. The Western capitalists had to erect and prolong industrial and price monopoly on a pre-capitalist basis.

To overdevelop or preserve itself in its post-classical stage, capitalism in Western Europe, North America and Japan has had to suppress or underdevelop an upcoming national-capitalist mode and introduce a repressed and underdeveloped colonial-capitalist mode in pre-capitalist societies. More so, it has had to keep the prevailing pre-capitalist relations that were already bursting at the seams from crossing over to capitalist ones, maintaining production in a state of suspended and overdeveloped pre-capitalist animation.

In turn, the continuing dominance of semi-feudalism in the Third World reflects the reality that feudalism could longer preserve itself in its own classical form in the same way capitalism in the best would no longer persist in its classical, pre-monopoly stage.

The maintenance of semi-feudalism revealed that the Third World societies were already in a state of transition that would have naturally in the classical Western tradition led to capitalism but has been blocked by its cooptation by foreign merchant-finance capital.

The Philippines today is a Third World semi-feudal social formation gripped in a deep and chronic cri-

sis. The crisis takes two basic forms:

1. Its characteristic inability to sufficiently support the development of its labor-power. It has been estimated that total unemployment or underemployment (also known as disguised unemployment) reaches 40 to 50 per cent of the Philippine labor force. Forced by unemployment to tear themselves away from their families or homeland, more than 100,000 Filipinos leave the country each year to hire themselves out as construction workers, domestics, prostitutes, scientists, seamen, and white-collar professionals abroad for higher pay. While this migration partly absorbs the widening stream of unemployed, it tragically drains the country of precious labor-power -- human energy, skills, talent, and scientific knowhow.

The accelerating proliferation of poverty-induced crime, prostitution mendicancy and vagrancy in the streets, starvation in Negros and elsewhere, scavenging, resort to highly hazardous occupations such as tunnel mining are an indictment of the bankruptcy of Philippine semi-feudal society. It is as pathetic as it is comic that one of the strongest arguments voiced out for the retention of the U.S. bases is that it will deprive more than 50,000 Filipino prostitutes of employment.

The reality that more than 50 per cent of Filipino children are afflicted by varying degrees of malnutrition, millions of rural and urban poor (35 per cent, according to

a recent conservative 1988 World Bank study) do not earn enough to even supply a minimum decent food regime, and that more and more Filipino families are eating less than three meals a day and are resorting to eating rice gruel attests to the inability of the semi-feudal social system to provide adequately for the reproduction of its labor-power.

2. Its inability to develop the means of production. Under the present semi-feudal, semi-colonial conditions, Philippine industrial production remains stunted. The country is without a comprehensive network of heavy, medium and light industries that can produce a broad spectrum of food, textiles, clothing, machinery, equipment, chemicals and fuel and other goods. To the benefit of the foreign monopolists and the local big "bourgeoisie", a wide array of these commodities have to be imported.

Meanwhile, the emergence and growth of a people's movement dedicated to genuine nationalist and democratic development are the sprouts of the alternatives modes of production that will rise to their just place in Philippine society.

Semi-Feudalism as Base for Monopoly Capitalism. Monopoly capitalism did develop to some extent a capitalist mode in the Third World in the form of the five types of industries above-mentioned. But at the same time, it set a parameter to this development by using the capitalist mode as a take-off point for appropriating semi-feudal unpaid value through a combina-

tion of methods: overpricing, usury and underpricing.

This semi-feudal appropriation stems from the logic of monopoly capital. Capitalism to stave off its classical crisis has had resort to monopoly. To safeguard this monopoly, it has had to prop itself up on a semi-feudal base of exploitation in the Third World.

This semi-feudal base serves monopoly capitalism in the West and East Asia in a number of ways:

1. It bars the comprehensive industrial development of the Third World, and preempts or weakens any competition from national capitalism to its trade offensive.

The small-scale labor plus the bondage to means of production and/or subsistence associated with this feudal level of productive force cannot match the productivity of the monopoly capitalist mode and offer equal competition.

A society wherein petty labor, subsistence-orientation and bondage to productive resources largely tie down production, while rents, monopoly price, usurious interest and peasant-hiring profits sap the peasant producers of their surpluses can hardly come forward with genuine national industrialization. It is naturally incapable of meeting the challenge of manufacturing a comprehensive range of consumer goods and services, raw materials, machinery, equipment and supplies, fuel and power, scientific and technological research and education that post-feudal-and-semi-feu-

dal societies can muster.

This gives free rein to capitalist powers to exercise monopoly of industrial production, markets, technologies, state favors and finance, and pump out unpaid labor through overpricing of their merchandise and services. The drive to keep this monopoly intact has been aimed to bolstering the pillage of the Third World through unequal exchange.

On the whole, capitalist monopolies repress their industrial development and expansion in the Third World. These rein in and deliberately hold back from extending comprehensive manufacturing and agricultural industries there in order to avoid creating competition for the wide array of consumer and capital goods these manufacture and ship out to the Third World.

Where capitalism has developed as the dominant mode as in South Korea and Taiwan, the economy has produced a wide number and range of goods that not only substitute for imports but also compete with goods produced mainly in the imperialist countries themselves, as in the field of cars, appliances, computer chips, ships and the like.

The Aquino regime and other Third World comprador states anchoring their policies on enticing foreign investment loans and grants have treated foreign capital either as a fetish that will titillate a floundering economy, or as Messiah that, by its grace and goodwill will bring salvation to local semi-feu-

dal lord classes. Striving to legitimize their oppressive policies, these states impose their colonial perversion and evangelism on the attitudes and expectations of the people. However, the stark reality of continuing semi-feudal underdevelopment progressively sweeps away such illusions: The fantasy of receiving dollars turns into the nightmare of sending them out, the idol of foreign capital becomes a juggernaut, crushing society under the weight of impoverishment.

2. By blocking Third World comprehensive industrial development, it breeds and feeds a chronically large, expanding and miserable army of unemployed and underemployed, a large excess of supply over demand for capitalist labor-power. Thus, it chronically depresses wages below the value of labor-power.

By doing so, it intensifies the exploitation that takes place in the restricted, limited and colonial capitalist development it promotes in the Third World. Alongside this, it impels huge droves of Third World people to migrate, desperately seeking jobs and seeking to escape from poverty. It fuels the urge to find employment abroad even at pay far below that given to local workers and under conditions of racism, national discrimination, and various forms of bondage.

In the newly developed capitalist societies of Taiwan and South Korea, the capitalist mode has been expanding so fast -- faster than the population growth -- that the shortage of labor-power has caused

wages to rise sharply and even encouraged the two countries to become net importers of cheap migrant labor-power.

3. Through bondage of the laborers to the means of production and/or subsistence, it sustains the viability of small-scale labor performed with means of production and/or subsistence possessed by the laborers themselves. In this manner, it builds up the capability of monopoly capitalists to appropriate unpaid labor from the hiring of laborers at levels of compensation perennially below that the price of normal labor-power. Dominant capitalist development on the contrary will eventually require paid value or compensation to laborers to reflect the value of normal labor-power. This will generally transform hired pay to living real wages.

4. Similarly, the dominant semi-feudal mode preserves the semi-feudal monopoly of trade (transportation, communications, storage and money resources) and the buying from peasants of products at prices far below their value.

Thus, it places imperialists in a position to appropriate a vast amount of unpaid labor through underpricing. Were capitalism to dominate, the prices of raw materials would tend to climb to the level of their actual values, if not above these.

The capacity of local exploiters to sell to imperialists products at prices far below their values springs forth from their ability to hire, buy

from or share produce with laborer wholly or partly reliant on their small-scale subsistence labor using these laborers' own tools and other means of production.

5. Sabotaging comprehensive industrial development and nurturing the overgrowth of profits from unequal exchange of values -- in turn based on the small-scale labor of the Third World producers and their bondage to the means of production and/or subsistence -- the dominant semi-feudal mode tends to cultivate a chronic deprivation of enough foreign exchange as trading capital and a dependency of local trade and industry on foreign credit. This enables the monopolists to appropriate even more unpaid labor or value through net interest.

The semi-colonial, semi-feudal mode forms the dominant mode, as well as the dominant base for Western and East Asian monopoly capitalist penetration in the Philippines and other Third World countries. It plays an overbearing role in these social formations insofar as it brings forth the primary and greater bulk of unpaid labor.

Production highlighted by the feudal mode of exploitation, the bondage to the means of production and/or subsistence, small-scale labor or the reliance on subsistence produce casts a giant shadow over the entire society. Rather than withering away, neo-colonial, semi-feudal production and the rule of imperialist and Third World semi-feudal lords scurries to maintain its grip on society, strangulating the social life-force, the people, and

scrambling to stifle whatever striving there emerge for authentic national industrialization, agrarian reform and democracy. In the trail of this stranglehold festers untold destitution, backwardness, decay and obsolescence.

On the other hand, dominant semi-feudal, neo-colonial production in the Third World has secured for Western and East Asian Capitalism a second lease on life. From this mode ensues a major part of the unpaid harvest of value and labor, from which imperialism grabs for itself a gargantuan share.

The unfolding of a dominant semi-colonial, semi-feudal mode signals the overripening, the overdevelopment of feudal relations. Moreover, it marks the beginning of a transition to societies overarched by national, democratic modes of production.

The success of this develop-

ment spells the extinction of Third World poverty and underdevelopment.

The evolution from pre-monopoly to monopoly capitalism in the West, and East Asia likewise signified that the capitalist mode there has surpassed its peak and has entered the stage of over-maturation. However, its dependency on semi-colonialism and semi-feudalism in Asia, Africa and Latin America acts as a preservative on this over-matured capitalist mode. The passing of the scourge of monopoly capitalism in the metropolitan countries of the world calls for beforehand a radical uprooting of the neo-colonial, semi-feudal structures that overwhelm the Third World countries. Such a transformation of the social landscape will everywhere nourish and bring to bloom the seeds and sprouts of society that will progressively carry humanity forward towards genuine freedom.



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